



32(205) DECEMBER 2025

INDUSTRIAL PRODUCTION DYNAMIC IN JANUARY-NOVEMBER 2025

Andrei Kaukin, Candidate of Economic Sciences, Acting Director, Center for Real Sector, Head, Industrial Organization and Infrastructure Economics Department, Gaidar Institute;

Anastasia Levchenko, Researcher, Industrial Organization and Infrastructure Economics Department, Gaidar Institute

The industrial production dynamic in the Russian Federation in January-November 2025 demonstrated a transition to stagnation. This is evidenced by the near-zero growth rates of the trend component of the industrial production index. The extractive sector is showing signs of stabilization after a prolonged downward trend that lasted from early 2022 to April 2025. There is significant intra-industry differentiation in manufacturing: steady growth in the production of chemical fertilizers, as well as aircraft and other vehicles, contrasts with a decline in mechanical engineering, automotive manufacturing, and the pulp and paper industry. At the same time, there is stagnation in the construction sector due to a decline in mortgage demand and a decrease in housing starts.

For a correct interpretation of the trends in individual sectors, it is necessary to break down their output into components: calendar, seasonal, irregular, and trend¹; the interpretation of the latter is of particular interest. The authors identified the trend component of the production index series for 2003–2025² based on current statistics published by Rosstat.

The results of processing the series for the industrial production index as a whole are presented in Fig. 1. Fig. 2 shows the results for the aggregate indices of the extractive, manufacturing, and electricity, gas, and water production and distribution

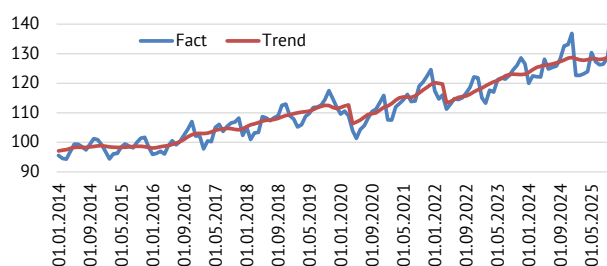


Fig. 1. Dynamics of the industrial production index in 2014–2025 (actual data and trend component), % against average annual value in 2016

Sources: Rosstat, own calculations.

- 1 The trend component is a well-established term used in the literature, but it should be noted that this component is not a “trend” in the strict sense used in econometrics when analyzing time series: in this case, it is precisely the residual from the separation of calendar, seasonal and irregular components. The trend component is incorrect to use for time series forecasting (for most industrial production indices it is non-stationary in levels (and stationary in differences), but it can be used for interpreting short-term dynamics and comparison with past events.
- 2 The trend component was extracted with the Demetra package using the X12-ARIMA procedure.

Monitoring of Russia's economic outlook

sectors. For the remaining series, the decomposition results are presented in Table 1.

In January–November 2025, the dynamics of the trend component (100.67% y/y and 100.14% in November compared to October) indicate a slowdown in growth rates and a transition of industrial production to a phase of sustained low growth rates.

In November 2025, the growth of the trend component in the extractive sector stood at 100.15% compared to the previous month and 100.88% compared to the same period last year, showing signs of stabilization in the sector after a prolonged downward trend that had been observed since the beginning of 2022. As of April 2025, the key feature of the current stage of industrial production is the completion of an active reorientation of export flows and a transition to a phase of stabilization amid continuing external constraints. The main drivers and constraints are highly specific to each industry.

By the end of 2025, oil production is expected to reach more than 9.5 mn barrels per day, which is close to last year's figure. Stabilization is ensured by the planned removal of voluntary restrictions under the OPEC+ agreement, under which Russia is gradually increasing its quotas.¹ At the same time, companies are focused on optimizing costs and concentrating on the most profitable projects, as the cost of an additional barrel continues to rise. The process of reorienting exports from Europe to Asia, mainly to China and India, can be considered largely complete. However, this creates new risks of excessive concentration of sales, and strengthening positions in the markets of Africa and Southeast Asia will require significant infrastructure investments. The main factors holding back growth in the oil industry in the medium term, apart from geopolitical ones, are the structural features of the well stock, which do not allow for a rapid increase in production.²

The gas segment recorded negative dynamics. In November, total gas production (natural and associated) decreased by 3.1% year-on-year to 59.3 bn cubic meters. In the first eleven months of 2025, total gas production decreased

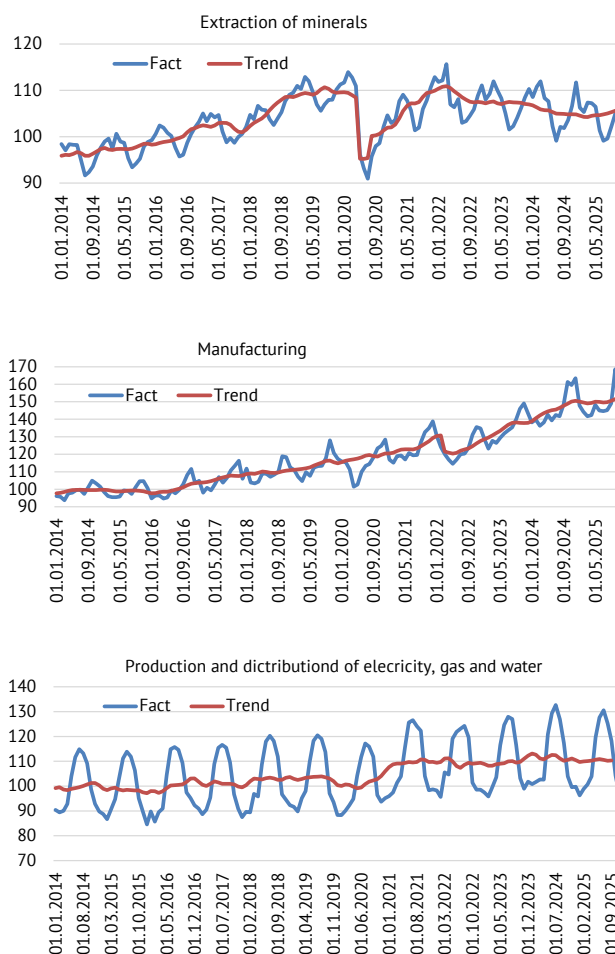


Fig. 2. Dynamics of the production indexes by industries in 2014–2025 (actual data and trend component), in % on average year value 2016

Sources: Rosstat, own calculations.

1 Budris A. The compensation equation: why oil is not getting cheaper following the OPEC+ decision // Forbes 10.09.2025. URL: <https://www.forbes.ru/biznes/545577-uravnenie-s-kompensaciej-pocemu-neft-ne-deseveet-posle-resenia-opek>

2 Semenov O. Oil production in Russia in 2025 could remain at last year's level // Kommersant, November 06, 2025. URL: <https://www.kommersant.ru/doc/8180636>

Industrial production dynamic in January-November 2025

by 3.3% year-on-year to 600 bn cubic meters. Liquefied natural gas (LNG) production in November decreased by 0.8% y/y, and by 3.3% y/y over eleven months. However, in October, there was a sharp increase in production volumes due to the resumption of LNG exports from the Portovaya LNG plant. The main factors holding back production are the reduction in exports of both pipeline gas and LNG, as well as a decline in domestic demand due to abnormally warm weather in the autumn. However, the decline in demand is partially offset by growth in the production of gas chemical products, especially mineral and chemical fertilizers. Additional operational difficulties are caused by ice conditions, which are limiting shipments from the Arctic LNG 2 project.¹ US sanctions, which in January targeted medium-tonnage LNG plants in the Baltic region, had a significant negative impact on the industry, leading to a 61% year-on-year decline in production in the Northwestern Federal District (January-November 2025).² Thus, despite the strategic importance of developing the LNG sector, its growth in the short term is constrained by logistical and foreign policy restrictions.

The coal industry is showing moderate growth in exports, while domestic production is stagnating. In November, coal exports grew by 13% year-on-year, driven by strong demand from China and South Korea. This positive trend was made possible by successful logistics optimization and the redistribution of flows to Far Eastern ports. However, in the near term, this growth may face serious constraints. The key restraining factor is the cooling of demand in China in the second half of the year due to growth in domestic production and high warehouse stocks. Pressure on the market is expected to intensify in the first quarter of 2026, and prices will continue to decline.³

In November, the trend component in the construction sector indicates that the industry is consolidating in stagnation, demonstrating near-zero growth rates (101.83% y/y and 100.15% m/m). Following a decline in demand during the summer months, November saw an increase in demand for primary housing: the number of transactions in cities with a population of over one million grew by 38.4% y/y. This growth is explained by pent-up demand, the maturity of high-yield deposits, and buyers' desire to lock in mortgage terms ahead of expected changes in state programs.⁴ However, in the medium term, the multi-unit residential construction market remains under pressure. In the first eleven months of 2025, the number of new apartments and flats sold across Russia fell by 6.3% year-on-year.⁵ High key rates and a reduction in available preferential mortgage programs have led to a redistribution of demand in favor of cash transactions or installment plans from developers. The main driver compensating for the decline in the industry is individual housing construction (IHC). Since 2021, the pace of IHC commissioning has consistently outpaced that of multi-family housing, and in the first half of 2025, the ratio reached 71% to 29%. In the commercial segment, the volume of investment transactions in

1 Alifirova A. Gas production and LNG production in Russia declined in the first 11 months of 2025 // Neftegaz.ru, December 24, 2025. URL: <https://neftegaz.ru/news/dobycha/911301-3-3-dobycha-gaza-i-proizvodstvo-spg-v-rossii-za-11-mesyatsev-2025-g-snizilis/>

2 Russia reduced total gas production by 3.3% over 11 months // TASS 24.12.2025. URL: <https://tass.ru/ekonomika/26010451>

3 Trifonova P. Russia increased coal exports in November by 13% year-on-year // Kommersant, December 22, 2025. URL: <https://www.kommersant.ru/doc/8295337>

4 Meshkova S. Demand for new buildings rose by 38% in November // Kommersant, December 23, 2025. URL: <https://www.kommersant.ru/doc/8314574>

5 Pavlova-Katkova N. Analysts estimate a decline in sales of new buildings in Russia in 2025 // RBC, December 25, 2025. URL: <https://rbcrealty.ru/news/694c06f59a7947abf85f9050>

Monitoring of Russia's economic outlook

the first half of 2025 decreased by 34% year-on-year, but growth points are forming in niches related to logistics (light industrial warehouses) and tourism, where preferential lending programs are in place.¹ The key constraints for the entire industry are the high cost of project financing, rising labor and material costs, and a structural shortage of skilled workers, whose services have risen in price by more than 70% over two years.² These costs, along with a reduction in the number of new projects in 2024–2025, are creating inflationary pressure in the construction sector. In January–November 2025, the price per square meter of multi-family housing rose by 8.8%, while the average size of housing sold decreased.³

In November 2025, the trend component of manufacturing showed near-zero growth (101.31% year-on-year and 100.33% month-on-month), which was due to significant sectoral divergence: strong growth in certain segments of industry was offset by a sharp decline in others.

Metallurgical production and the manufacture of finished metal products showed mixed dynamics. Significant growth in the trend component is likely to be driven by the finished products segment, which grew by 13.9% in January–November.⁴ However, the key sub-sector, steel production, declined by 6.6% year-on-year in November. The reason for this is a sharp drop in product prices to levels last seen ten years ago, coupled with an increase in production costs, which leads to negative cash flow even for efficient enterprises.⁵

In the manufacture of transport equipment, the growth in the trend component is due to growth in the “other transport equipment” sub-sector, which includes aircraft and shipbuilding; in the first eleven months, production in this segment grew by 29.5%. This growth is supported by large-scale government orders as part of import substitution and state defense procurement programs. At the same time, the automotive market is showing a sharp decline: passenger car production fell by 12.6% in January–November and by 34.1% year-on-year in November, reflecting a contraction in consumer demand amid high borrowing costs.⁶

The textile and garment industry is showing steady growth, supported by active government support. By the end of 2025, clothing production is expected to grow by approximately 24%. The Deputy Minister of Industry and Trade attributes this dynamic to a balanced policy of supporting the industry, including preferential loans from the Industry Development Fund and the implementation of the national project “New Materials and Chemistry”.⁷

Chemical production is showing slow growth, which is particularly noticeable in the key segment of mineral fertilizers. In January–November,

1 Smirnov A. Construction in Russia in 2025: where the money is going // RBC, November 5, 2025. URL: <https://companies.rbc.ru/news/Mq6lBxHvFR/strojka-v-rossii-2025-kuda-nesutsya-dengi/>

2 Meshkova S. Demand for new buildings rose by 38% in November // Kommersant, December 23, 2025. URL: <https://www.kommersant.ru/doc/8314574>

3 Pavlova-Katkova N. Analysts estimate decline in sales of new buildings in Russia in 2025 // RBC, December 25, 2025. URL: <https://rbcrealty.ru/news/694c06f59a7947abf85f9050>

4 Trifonova P. The crisis in the steel market will continue throughout 2026 // Kommersant, December 11, 2025. URL: https://www.kommersant.ru/doc/8273113?nav_id=chapter1

5 Industrial production in Russia grew by 0.8% in January–November // TASS, November 24, 2025. URL: <https://tass.ru/ekonomika/26010419>

6 Masuk I. Car production is declining in Russia: figures and trends // KP, December 25, 2025. URL: <https://www.kp.ru/daily/27760/5190189/>

7 Gureeva Yu. Ministry of Industry and Trade: Clothing production in Russia will grow by 24% by the end of the year // RGRU, December 18, 2025. URL: <https://rg.ru/2025/12/18/minpromtorg-po-itogam-goda-proizvodstvo-odezhdy-v-rossii-vyrastet-na-24.html>

Industrial production dynamic in January-November 2025

fertilizer production grew by 6.1% year-on-year, but the pace slowed down by November. The positive dynamics are supported by stable export demand, but they are under pressure from factors such as the introduction of a temporary ban on the export of technical sulfur, which is an important raw material for the industry.¹

The production of machinery and equipment, as well as the production of electrical, electronic, and optical equipment, is in a phase of stagnation. The reasons for this are a decline in investment activity and difficulties in replacing imported components, which is holding back production cycles.²

The pulp and paper industry is experiencing a deep decline, exacerbated by a combination of external and internal factors. Pulp production is declining, and the growth in paper and cardboard output has virtually stalled. The industry has faced a contraction in sales markets due to sanctions pressure, a sharp drop in prices in the key Chinese market due to growth in local production, and a decline in production in the related wood processing industry. Wood processing and wood product manufacturing are also in recession. Official statistics show a decline in the industry, and industry forecasts predict a 3-5% decline in logging volumes by the end of the year. The crisis in China's construction sector, which was the main market for structural lumber, led to a collapse in global demand and the shutdown of many Russian wood processing enterprises.³

Thus, the manufacturing sector is extremely heterogeneous. Growth is concentrated in a limited number of segments directly supported by state programs (aircraft manufacturing, shipbuilding, light industry). At the same time, traditional export-oriented and consumer industries (metallurgy, automotive, pulp and paper) are under pressure due to declining external and domestic demand, falling prices, and structural constraints.

The short-term forecast suggests that the overall phase of low growth rates in industry will continue, which by the end of 2026 may amount to about 1–3%. Stability in the extractive sector depends on maintaining demand in key Asian countries, no further tightening of sanctions, and the price situation on global energy markets. In manufacturing, industry divergence is expected to intensify. Growth will continue to be concentrated in a limited number of segments related to government orders and import substitution, such as the production of certain types of vehicles, equipment, and electronics. At the same time, traditional export-oriented industries (metallurgy, pulp and paper production) and consumer industries will experience pressure due to limited external and domestic demand, high interest rates, and structural constraints.⁴ Overall dynamics will be sensitive to changes in the economic situation in key sales markets and budget support measures.

1 *Tchaikovsky B.* Russia to increase fertilizer production by 3–4% in 2026 – RAPU // Agroexpert, December 05, 2025. URL: <https://agroexpert.press/numbers/rf-uvlichit-proizvodstvo-v-2026-godu-na-3-4-rapu/>

2 Industrial production in Russia fell by 0.7% in November // Interfax, December 24, 2025. URL: <https://www.interfax.ru/business/1064946>

3 *Mordyushenko, O.* Crisis in the Russian timber industry causes and prospects according to an expert // Kommersant, December 25, 2025. URL: <https://www.kommersant.ru/doc/8317237>

4 *Rantseva, A.* Russian industry will end 2025 with growth of more than 2% // Real Time, December 25, 2025. URL: <https://realnoevremya.ru/news/374507-rossiyskaya-promyshlennost-zavershit-2025-god-s-rostom-bolee-2>

Monitoring of Russia's economic outlook

Table 1

Change in the output index as per industry

Industry	Share in the industrial production index, %	November 2025 on November 2024, %	November 2025 on October 2025, %	Changes in the last months
Index of industrial production		100.68	100.14	Stagnation
Extraction of minerals	34.54	100.88	100.15	Stagnation
Manufacturing	54.91	101.31	100.33	Stagnation
Production of foods, including drinks and tobacco	16.34	108.82	100.73	Sluggish growth
Textile and dress making production	1.14	108.32	101.10	Growth
Production of leather, leather items, and production of shoes	0.27	93.85	98.98	Recession
Wood manufacturing and production of wood items	2.02	95.39	98.32	Recession
Cellulose – paper production	3.35	69.82	97.07	Recession
Production of coal and petroleum products	17.25	98.92	99.94	Stagnation
Chemical production	7.56	109.85	100.88	Sluggish growth
Production of resin and plastic items	2.14	90.62	99.97	Stagnation
Production of other non-metallic mineral products	4.02	94.37	101.11	Growth
Metallurgical production and production of finished metallic items	17.42	117.59	101.50	Growth
Production of machinery and equipment	6.97	90.32	100.39	Stagnation
Production of electric equipment, electronic and optical equipment	6.27	101.26	100.29	Stagnation
Production of transport vehicles and equipment	6.75	124.11	101.39	Growth
Other productions	2.42	102.71	100.07	Stagnation
Electric energy, gas and water	13.51	98.37	99.24	Sluggish growth
Wholesale trade		97.03	100.23	Stagnation
Retail trade		104.63	100.68	Sluggish growth
Ton miles		100.57	100.49	Stagnation
Construction		101.83	100.14	Stagnation
Agriculture		102.66	100.23	Stagnation
Paid services to population		102.98	100.29	Stagnation

