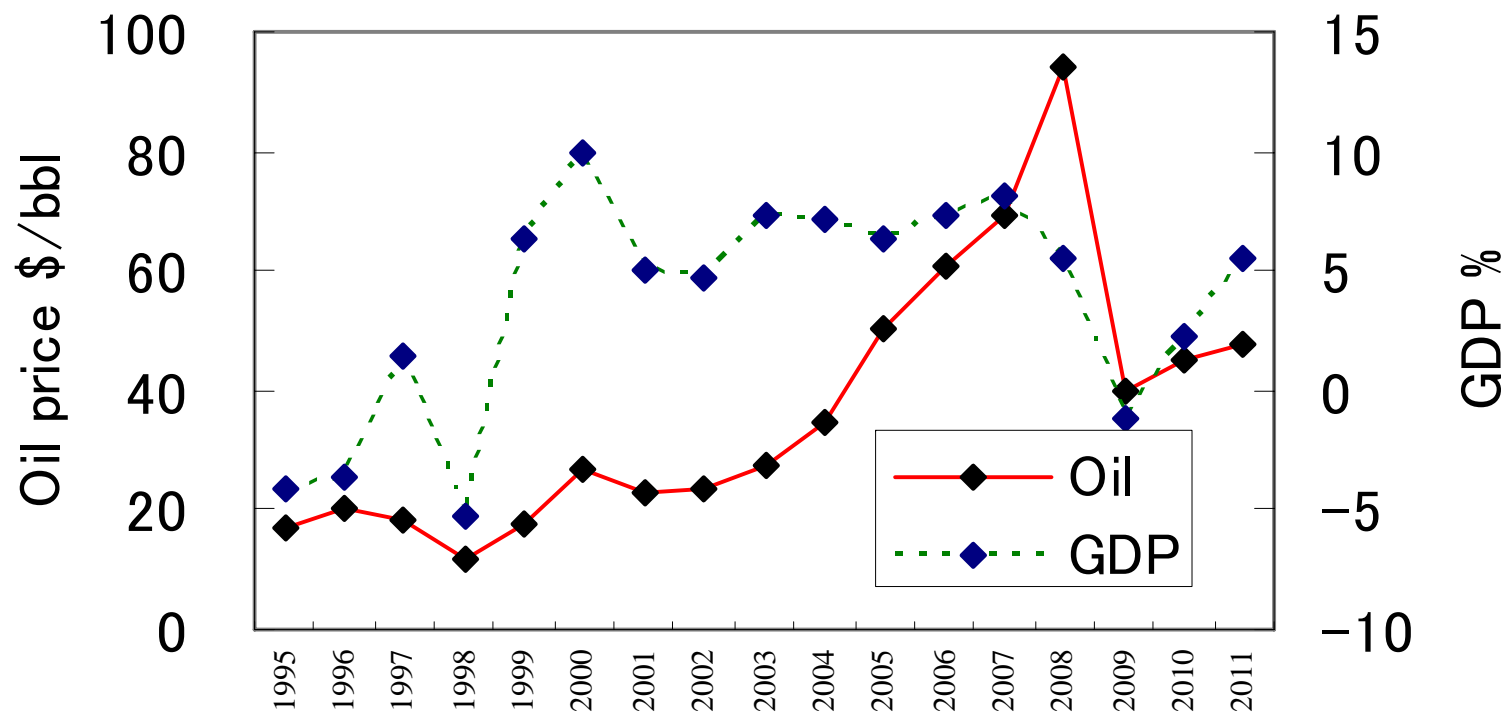


# Export earnings drying Up but not completely

- Ural oil price fell down but may remain high in comparison with the levels for '92-'04.
- Russian economy is not a simply monotonous function of oil prices but ...
- Income side: Benefits from the terms-of-trade effect due to high oil prices were lost in '08. (7% GDP; 45 billion USD in the 1<sup>st</sup> half 08 was entirely lost in the 2<sup>nd</sup> half.).

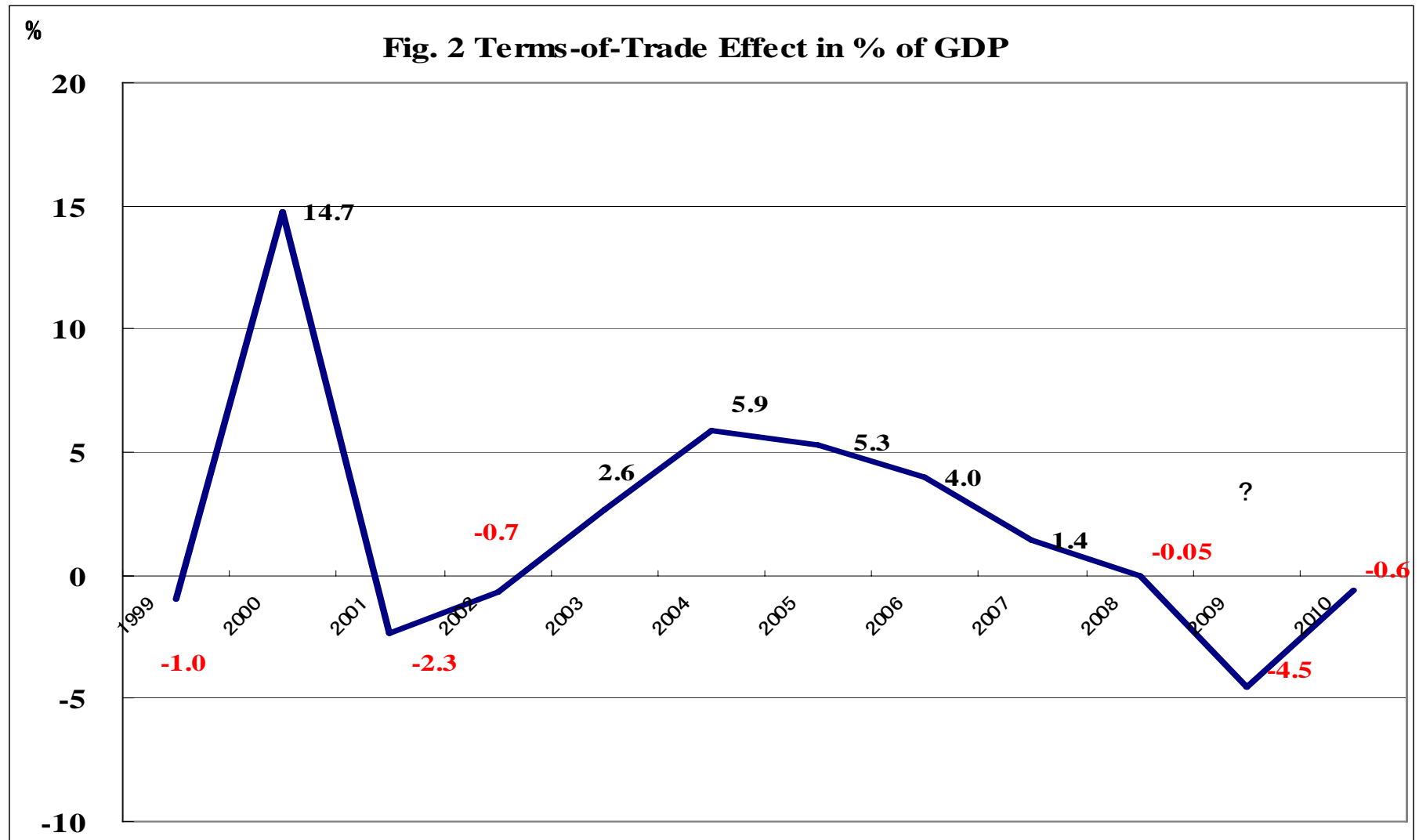
**Ural oil price fell down but it is expected to remain rather high in comparison with the levels for '92-'04 (40 to 48 \$/bbl for '09-'11).**

**Fig. 1 Oil Price and GDP Growth**



Sources: Rosstat and the CSI (Bank of Moscow) projection.

**Russia has enjoyed the terms-of-trade effect due to high oil prices, while it has fallen for '05-'08. In 2008 it reached a negative level (In the first half of '08 it was 7% GDP; \$45 billion). This may be worse in '09 and improved in '10-'11.**



**Source: Author's calculation using the Rosstat data. Terms-of-Trade effect is defined as the nominal net exports/(import price)-the real net exports = (export price/import price-1)\*real exports.**