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Analysis of the Main Economic Indicators and Opportunities for Managing Business in Russia in 2016-2017

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Abstract: The article analyzes the main economic indicators of Russia from 1999 till 2016-2017. The authors try to understand the main trends of the economy's development and opportunities for managing business in Russia.

Key words: Business, management, investments, economy, growth, decrease, economic indicators, economic analysis.

The Russian economy, which collided in 2014-2015. with a double challenge of sanctions confrontation and a collapse in world energy prices, in 2016, finally got certain grounds for optimism. First, the recovery in oil prices, which was sharply strengthened at the end of the year thanks to the agreement to reduce oil production by both OPEC countries and non-cartel countries, led to a noticeable improvement in the situation with export revenues and budget revenues from the oil and gas sector. Secondly, the growing political contradictions within the EU, as well as the rhetoric of US President-elected D. Trump, not only significantly undermined expectations of further tightening of anti-Russian sanctions, but also gave rise to hopes that the sanctions regime will be weakened in the coming months.

At the same time talking about the turn of crisis tendencies is no sufficient reason. Despite a series of good news from abroad, the internal factors of the Russian economy remain limited. The level of domestic demand remained very low. Hopes for the import substitution as a source of industrial growth have suffered a final collapse. Strengthening the exchange rate of the ruble, caused by rising energy prices, has led to

increased fears about the next wave of weakening the competitiveness of Russian goods - including. On foreign markets, the development of which on the official agenda gradually began to occupy the place that two years ago was given to import substitution. As the result, the dynamics of the main economic indicators for the most part of the year was controversial. On one hand, the fall in GDP for the first three quarters of 2016 was less than 1%, on the other hand, the change in industrial production in January-September formally reached a positive zone, an increase of 0.3%. The dynamic of GDP, presented in table 1, shows that from 1999 till 2008 the GDP grew from 4823 till 41277 bln. rubles. From 2010 till 2016 it continued growing and grew from 46308 till 85881 bln. rubles.

Table 1
GDP, bln. rubles

	<i>Year</i>	<i>Quarters</i>			
		<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>
Aggregated indicators					
Gross domestic product					
GDP, bln rubles					
1999	4823	901	1102	1373	1447
2000	7306	1527	1697	2038	2044
2001	8944	1901	2105	2488	2450
2002	10831	2262	2529	3013	3027
2003	13208	2851	3102	3600	3655
2004	17027	3516	3972	4594	4945
2005	21610	4459	5078	5845	6228
2006	26917	5793	6368	7276	7480
2007	33248	6780	7768	8903	9797
2008	41277	8878	10238	11542	10619
2009	38807	8335	9245	10411	10816
2010	46308	9996	10977	12086	13249
2011	59698	12844	14314	15663	16877
2012	66927	14925	16149	17442	18411
2013	71017	15892	17015	18543	19567
2014	79200	17139	18884	20407	21515
2015	83233	18210	19284	21294	22016
2016	85881	18561	19979	22190	

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

The most significant was the increase in agricultural production - 3.0%, the volume of extraction of minerals increased by 2.4% - including. By 2.6% - extraction of fuel and energy raw materials, the volume of freight turnover of transport increased by 1.8%, which is usually an important indicator indicating the revival of economic activity. However, in conjunction with the growth of mining operations, the growth in

freight turnover of transport may indicate increased volumes of transportation of raw materials for export, designed to compensate for the effect of reducing export earnings. On the other hand, crisis trends in the real sector of the Russian economy remain.

The output of processing industries fell by 0.9%; while the production of electrical equipment, electronic and optical equipment fell by 2.5% against the background of an increase in the output of machinery and equipment by 3.7%, metallurgical production and production of finished metal products - by 3.2%, production of vehicles and equipment - by 4.5%. This can indirectly indicate that the relative well-being of the machine-building sector is mainly due to orders from the OPK. The volume of communication services decreased by 4.6%. The main reason for this situation is the acute shortage of effective demand. In the consumer segment, the main problem is the fall in real disposable income of the population, which in 2016 even accelerated. In January-September 2016, this indicator was 5.3% lower compared to the same period last year, while a year earlier, the corresponding decline was 4.2%. The decisive contribution to the drop in real incomes is made by the growth of consumer prices. In particular, consumer inflation “ate” almost the entire increase in wages: with a nominal increase of 7.9% in January-September 2016, its real growth was only 0.4%.

The relevant circumstances have a negative impact not only on the standard of living of the population, but also on the state of the consumer market: thus, the retail trade turnover for the 9 months of 2016 decreased by 5.4%. As the result, the effects of import substitution in the production of consumer goods were significantly below expectations of two years ago. In particular, the production of food products - including beverages and tobacco, where the positive effects of import substitution manifested itself to the maximum extent, increased by 2.2% in January-September 2016 - only slightly more than a year ago. The dynamics of the livestock production at all establishment types is shown in table 2. The table shows the constant increase from 6813 thousand tons in 1999 till 13939 thousand tons in 2016. The production in Jan, 2017 was 1033 thousand tons.

Table 2
Livestock production at all establishment types, thou tons

	<i>Year</i>	<i>Quarters</i>				<i>Jan.</i>
		<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	
Livestock production at all establishment types						
<i>Livestock and poultry for slaughter (live weight), thou tons</i>						
1999	6813	1427	1257	1402	2727	454
2000	7029	1442	1315	1482	2790	447
2001	7039	1453	1293	1491	2802	467
2002	7374	1527	1390	1532	2925	492
2003	7758	1663	1492	1615	2988	528
2004	7831	1660	1513	1654	3004	527
2005	7726	1615	1487	1644	2980	515
2006	8064	1670	1585	1736	3073	525
2007	8746	1808	1750	1920	3268	581
2008	9331	1950	1895	2046	3440	621

contd. table 2

	Year	Quarters				Jan.
		I	II	III	IV	
2009	9972	2071	2011	2229	3661	660
2010	10553	2237	2168	2358	3790	712
2011	10965	2313	2279	2497	3876	740
2012	11621	2508	2487	2660	3966	795
2013	12223	2645	2659	2835	4084	852
2014	12912	2741	2818	3003	4298	885
2015	13475	2944	2945	3161	4425	952
2016	13939	3112	3115	3239	4473	985
2017						1033

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

Table 3 shows the volume of work performed by economic activity “Construction”, which increased from 307.8 bln. rubles in 1999 till 6184,4 bln. rubles in 2016.

Table 3
Volume of work performed by economic activity “Construction”

	Year	/ Quarters				Jan.
		I	II	III	IV	
/ Volume of work performed by economic activity						
“Construction” (at current prices of corresponding years), bln. rubles						
1999	307,8	50,9	69,1	91,4	96,4	14,1
2000	503,8	78,8	113,6	151,7	159,7	21,6
2001	703,8	116,9	160,9	210,9	215,1	32,7
2002	831,0	136,3	188,8	251,2	254,7	39,2
2003	1042,7	172,7	239,6	313,0	317,4	49,9
2004	1313,6	217,9	307,0	384,1	404,6	62,3
2005	1754,4	280,0	398,9	521,3	554,2	80,9
2006	2350,8	330,2	520,2	695,6	804,8	87,5
2007	3293,3	447,8	741,5	957,4	1146,6	125,7
2008	4528,1	705,4	1083,3	1304,6	1434,8	199,2
2009	3998,3	661,7	949,2	1105,5	1281,9	196,8
2010	4454,1	646,9	1055,8	1288,4	1463,0	184,8
2011	5140,3	733,6	1159,1	1496,2	1751,4	201,3
2012	5714,1	843,7	1330,7	1660,2	1879,5	238,8
2013	6019,5	939,6	1395,3	1719,2	1965,4	269,7
2014	6125,2	934,2	1413,0	1756,6	2021,4	263,3
2015	6148,4	981,4	1385,8	1676,1	2105,1	271,4
2016	6184,4	967,8	1320,7	1704,1	2191,8	261,0
2017						267,5

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

Table 4 shows the volumes of the retail trade turnover. As shows the statistics, it increased from 1797.4 bln. rubles in 1999 till 28137.1 bln. rubles in 2016.

Table 4
Retail trade turnover, bln. rubles

	<i>Year</i>	<i>Quarters</i>				<i>Jan.</i>
		<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	
Retail trade turnover, bln. rubles						
1999	1797,4	379,0	416,5	464,6	537,3	121,8
2000	2352,3	517,7	542,8	598,4	693,4	170,3
2001	3070,0	665,2	729,6	783,3	891,9	214,4
2002	3765,4	828,0	884,2	963,5	1089,7	270,9
2003	4529,7	1013,9	1071,9	1142,5	1301,4	329,5
2004	5642,5	1237,3	1322,2	1430,5	1652,5	399,6
2005	7041,5	1511,2	1674,9	1796,8	2058,6	485,8
2006	8711,9	1857,2	2068,1	2237,3	2549,3	594,6
2007	10869,0	2257,8	2542,6	2799,2	3269,4	727,7
2008	13944,2	2957,8	3331,7	3664,1	3990,6	944,1
2009	14599,2	3330,6	3513,2	3688,1	4067,3	1103,1
2010	16512,0	3634,0	3943,6	4215,9	4718,5	1196,4
2011	19104,3	4184,8	4573,2	4900,5	5445,8	1362,5
2012	21394,5	4689,7	5112,2	5492,4	6100,2	1524,5
2013	23685,9	5241,3	5692,8	6052,0	6699,8	1710,7
2014	26356,2	5792,9	6256,7	6697,3	7609,3	1867,1
2015	27538,4	6271,5	6595,9	7000,4	7670,6	2050,5
2016	28137,1	6445,1	6692,8	7213,8	7785,4	2126,2
2017						2204,5

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

An ambiguous picture is emerging in the sphere of investment demand. Although the reduction in investment in fixed assets in 2016 slowed down - 2.3% in January-September 2016 compared to 10.6% in the same period last year, in many respects this dynamics is explained by the effect of a low base after a sharp fall in 2015. The situation with the inflow of direct investment has improved somewhat: according to the estimates of the Central Bank of Russia, for the first three quarters of 2016, only in the non-financial sector of the Russian economy did they receive more than for the whole of 2015 in all sectors of the economy - \$ 8.3 billion compared to 6.5 billion.

Nevertheless, the corresponding figures are several times behind the level reached in the period preceding the beginning of the sanctions confrontation with the leading countries of the West-it is enough to recall that in January-September 2013 Russia received 60.6 billion dollars of direct investments. A more positive fact is a sharp decrease in the net export of capital by Russian companies of the financial and real

sector by 5 times: in the first three quarters of 2015 they sent abroad 48.1 billion dollars, for the same period in 2016 - only 9.6 billion dollars. However, in the conditions of maintaining a low conjuncture of the domestic market, the prospects for transforming “unutilized” funds into investments remain more than vague. Given the limited nature of both domestic and external sources of investment, a new impetus was given in 2016 to discussions about the prospects for a mobilization scenario for their growth through a wide range of measures, from public investment and “coercion to investment” policies to leading Russian companies to the issuing Lending to the economy from the side of the Central Bank of Russia and forced transformation into investments of current savings of the population. As shows table 5, the volume of the fixed capital investments in a whole has increased from 670.4 bln. rubles in 1999 till 14639.8 bln. rubles in 2016.

Table 5
Fixed capital investments, bln. rubles

	Year	Quarters			
		I	II	III	IV
1999	670,4	96,8	131,1	185,6	256,9
2000	1165,2	165,8	236,0	330,2	433,2
2001	1504,7	230,3	318,8	421,1	534,5
2002	1762,4	270,1	376,4	494,5	621,4
2003	2186,4	330,0	470,6	607,5	778,3
2004	2865,0	442,2	626,3	783,3	1013,2
2005	3611,1	540,5	776,3	993,6	1300,7
2006	4730,0	658,4	1017,6	1287,3	1766,7
2007	6716,2	897,6	1414,4	1744,1	2660,1
2008	8781,6	1314,6	1991,5	2369,0	3106,5
2009	7976,0	1224,3	1722,1	2061,0	2968,6
2010	9152,1	1242,9	1962,5	2361,5	3585,2
2011	11035,7	1422,0	2306,0	2854,1	4453,6
2012	12586,1	1730,1	2730,5	3225,0	4900,5
2013	13450,3	1905,4	2918,7	3402,9	5223,3
2014	13902,6	1884,1	2985,0	3493,2	5540,3
2015	13897,2	1960,7	2977,6	3428,7	5530,2
2016	14639,8	2093,5	3153,3	3666,5	5726,5

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

The investment crisis in the Russian economy has long become a sad fact of reality. And if the gross accumulation of fixed capital in real terms predictably began to decline predictably in the second quarter of 2014 against the background of the first symptoms of the sanctions confrontation associated with the events in Ukraine, then the aggregate gross accumulation indicators began to decline in the fourth quarter of 2012 - When the first signs of a slowdown in GDP growth appeared. As a result, the volume of gross

accumulation in the second quarter of 2016 was more than a third lower by 37.8% lower than in the same period in 2012.

The decline in the gross accumulation of fixed capital over the corresponding period was almost 3 times less - a decrease of 13.3%. However, unlike the first of the considered indicators, in which against the background of improving the economic conjuncture in the first half of 2016 a partial “rebound” was observed, investments in fixed assets continued to fall. From a substantive point of view, such dynamics mean that economic entities increase material current assets-production stocks, work in progress and volumes of products intended for sale, but are still not ready to expand the amount of fixed capital used.

The decline in investment observed in recent years is superimposed on other chronic weaknesses of the Russian economy: high rates of depreciation of fixed capital, critical under-investment of a number of industries - including Infrastructure - from electricity to road construction, low innovation, significant intra-industry differences between companies in terms of productivity and competitiveness. The traditional recipe for solving the corresponding problems is to increase the volume of investments. To assess the scale of investment activity in national economies, the accumulation rate indicator is traditionally used, characterizing the share of gross fixed capital formation in the country's GDP. In Russia, this indicator, measured by international methodology, in 2015 was 21.9%. By the standards of emerging markets, this is quite a modest value: on average for this group of countries, the rate of accumulation was 29.9% - data for 2014, including in India - 30.8%, in China - 44.3%. In fact, the rate of accumulation in Russia is only slightly above the average for economically developed countries - 20.6%. However, when comparing with the countries of this group, it is obvious that Russia is lagging behind not only from high-tech South Korea - 29.2%, but also Canada and Australia - 23.8% and 27.3%, respectively, whose raw material potential adds value to their comparison with Russian economy.

Taking this into account, an increase in the rate of accumulation in the medium term can be viewed as a fully justified priority, the achievement of which will help create favorable macroeconomic conditions for reaching sustainable high rates of economic growth in the time horizon until 2025. However, the implementation of this priority should be approached with caution.

First, the high rate of accumulation in itself does not guarantee high growth rates. Among emerging market countries, there are both successful examples of providing economic growth with a share of investment in GDP at around 20-25%, and examples of obvious “development failures” with significantly higher values of this indicator. Thus, the rate of accumulation in Bangladesh - 28.6% and Burkina Faso - 32.0% is significantly higher than the Russian level, but it had no tangible effect on the successes in the sphere of economic development. And Brazil or Turkey have lower rates of accumulation rate than Russia - 20.2% and 20.1% respectively, but the achievements of these countries in economic development are difficult to deny. Despite the persuasiveness of macroeconomic models showing the positive impact of investment on economic growth, the nature of this influence is far from linear.

Secondly, the question arises of the sources of funds for an “investment breakthrough.” An increase in the rate of accumulation, all other things being equal, implies a decrease in the share of consumption in GDP, which at least in the short term means a deterioration in the standard of living of the population. In the Russian environment, where real disposable incomes of the population have been steadily declining in recent years, and the fall in real consumer spending of the population - at constant prices in 2011 for the

period from the second quarter of 2014 to the second quarter of 2016 was 12.9%, this meant would place an additional economic burden on the shoulders of ordinary citizens. Further reduction of these indicators can not only aggravate the consequences of the ongoing economic crisis through the squeezing of consumer demand, but also create serious risks for socio-political stability.

Thirdly, it is important to remember that a high share of investment in GDP in a number of developing economies - primarily in China is due to the specific role of the state in their political and economic system. The indicators of the rate of accumulation at 35% and higher in the modern world are achievable only in economies where the state has sufficient freedom of hands to enforce its own investment priorities without regard for consumer priorities of the population. It seems that in the current situation, the priority for the Russian economy is not the quantitative acceleration of investments, but a radical increase in their quality with an orientation toward increasing the technological level and the economic efficiency of production capacities, as well as creating high-productivity jobs.

At the same time, public support for investment should be driven by clear criteria for increasing efficiency - for example, in terms of achieving specific benchmarks for improving labor productivity, resource and energy efficiency, which can be formalized as part of determining the terms of support for specific investment projects: the fulfillment of the relevant conditions makes it possible to claim support, non-fulfillment entails its review.

Transition to the use of appropriate principles of investment support will contribute to the long-term increase in the competitiveness of Russian companies, independent of such variable factors as the dynamics of the world market or fluctuations in the exchange rate. This scenario, taking into account the available opportunities for increasing efficiency in the Russian economy - primarily in non-primary sectors - can lead in the medium term to an increase in the share of investment in GDP, although not China and India, but rather Malaysia and Australia with a rate of accumulation of 25-27%. While discussions about the content of new approaches to support of investment process are still far from end, the assessment of a role of the external economic factors in development of branches of national economy in 2016 has been essentially reconsidered.

Already by the beginning of the year it became obvious that under conditions of shrinking domestic demand, import substitution, which was in 2014-2015. A landmark priority of the government's economic policy, is unable to act as a driver of industrial growth. On the contrary, export non-commodity branches oriented to large foreign markets - primarily chemistry and petrochemicals - demonstrated a faster development dynamics. In 2016, the corresponding trend continued.

The leader of export-oriented growth again is the chemical production, which for the results of three quarters of the year showed an increase of 4.6% - incl. Production of plastics in primary forms - by 5.2%, as well as the production of plastic products - including polymer plates, sheets, film and tapes, up 7.8%. A significant potential for export development was demonstrated by a number of goods from the food group: for example, the value of exports of wheat in January-September 2016 increased by 16.1%. Balanced financial result by economic activity in dynamics is shown in table 6. In the sphere of mining and quarrying it grew from 109148 mln. rubles in 1999 till 2923711 mln. rubles in 2016, in the sphere of manufacturing it grew from 137998 mln. rubles in 1999 till 3181818 mln. rubles in 2016.

Table 6
Balanced financial result by economic activity, mln. rubles

	<i>Year</i>
Balanced financial result by economic activity, mln. rubles	
<i>Mining and quarrying</i>	
1999	109148
2000	188810
2001	206748
2002	174694
2003	241097
2004	425039
2005	804198
2006	712883
2007	906679
2008	872481
2009	892471
2010	1377510
2011	1981014
2012	1833460
2013	1707119
2014	2648591
2015	2653147
2016	2923711
<i>Manufacturing</i>	
1999	137998
2000	266128
2001	286115
2002	212476
2003	339308
2004	601635
2005	943674
2006	1483567
2007	1739360
2008	1694862
2009	969591
2010	1595787
2011	1914115
2012	2082317
2013	1544702
2014	877139
2015	2090169
2016	3181818

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

Table 7 shows the dynamics of the balanced financial result in electricity in mln. rubles. In the sphere of electricity it grew from 8241 mln. rubles in 1999 till 706585 mln. rubles in 2016

Table 7
Balanced financial result in electricity, mln. rubles

<i>Electricity, gas and water supply</i>	
1999	8241
2000	21280
2001	21945
2002	11039
2003	22194
2004	82676
2005	117805
2006	90461
2007	119690
2008	97862
2009	220009
2010	373766
2011	120558
2012	201356
2013	129309
2014	164130
2015	235667
2016	706585

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

Table 8 shows the dynamics of the balanced financial result in construction in mln. rubles. In the sphere of construction it grew from 14822 mln. rubles in 1999 till 130620 mln. rubles in 2016.

Table 8
Balanced financial result in construction, mln. rubles

	<i>Year</i>
<i>Строительство / Construction</i>	
1999	14822
2000	30359
2001	32331
2002	22279
2003	31922
2004	33047
2005	39804
2006	66431

contd. table 8

	<i>Year</i>
2007	108823
2008	130421
2009	104861
2010	98327
2011	137870
2012	157476
2013	120979
2014	91446
2015	123077
2016	130620

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

Table 9 shows the dynamics of the balanced financial result in construction in mln. rubles. In this sphere it grew from 97060 mln. rubles in 1999 till 1158909 mln. rubles in 2016.

Table 9
Balanced financial result in transport and communication, mln. rubles

<i>Transport and communication</i>	
1999	97060
2000	171970
2001	187521
2002	154100
2003	213945
2004	263439
2005	326903
2006	410994
2007	659277
2008	573243
2009	564638
2010	719034
2011	768112
2012	924919
2013	781415
2014	307569
2015	532949
2016	1158909

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

At the same time the prospects of expansion of export-oriented production face two serious restrictions now. The first of them is connected with dynamics of an exchange rate of ruble. Growth of price competitiveness of the Russian production in foreign markets has been in many respects provided with weakening of an exchange rate of ruble which from the middle of 2014 by the beginning of 2016 has depreciated in relation to US dollar more than twice - if in the second quarter 2014 for dollar gave on average 34,97 rubles, then in the first quarter 2016 - already 74,59 rubles, and in the moment dollar exchange rate exceeded 85 rubles.

As the result the Russian exporters have had an opportunity to successfully master foreign markets, to which it was difficult even to dream of deliveries several years ago. The brightest "history of success" is connected with the explosive growth of deliveries of food to China which to the middle of 2016 became the largest importer of the corresponding goods from Russia - 753 mln. dollars following the results of the first half of the year, having overtaken on this indicator Turkey - 727 mln. dollars. At the same time in process of restoration of the world prices for oil the exchange rate of ruble has begun to become stronger. At the beginning of December of the quotation of US dollar for the first time since October, 2015 lower than 61 rub have fallen.

The contribution to such succession of events was made by policy of the Central Bank of Russia which until the end of the year kept value of a key interest rate at the level of 10%. Such policy dictated by aspiration to control of inflationary tendencies has made Russian ruble a target for the financial operations connected with a game on a difference of interest rates - carry trade. In conditions when the central banks of the majority of the leading countries kept interest rates at the minimum level, high interest rates in Russia did attractive acquisition of the Russian bonds by nonresidents that has caused the growing demand of the last for ruble assets and became an additional factor of growth of an exchange rate of ruble. Strengthening of ruble, in turn, creates considerable risks for productions which export potential has been caused by a factor of a low exchange rate in recent years. In this condition an important question is the amount of the federal budget. Its dynamics is shown in table 10. Despite its growth in revenues from 1999 till 2016, the amount of its expenses made the budget deficit in the recent years.

Other restriction of export-oriented growth is connected with unstable dynamics of foreign markets. Most sharply action of this factor was felt by the Russian metallurgists whose export deliveries steadily decreased in recent years. In 2016 the change in this sphere hasn't occurred: export of ferrous metals was reduced in January - September by 14,7% in comparison with the same period of last year, export of copper and aluminum has dropped more than by 22%, nickel - for 32,6%. For comparison, the total volume of the Russian export was reduced by 22,8% - mainly due to decline of export of crude oil by 25,0%, oil products - for 38,5% and natural gas - for 31,1%. Negative dynamics was shown also by export of some other traditional goods of the Russian non-oil export, including production of chemical and petrochemical productions. So, export of synthetic rubber was reduced for the considered period by 12,5%, nitrogen fertilizers - for 15,2%, potash fertilizers - for 40,0%. High dependence on fluctuations of external demand does extremely risky the passive strategy of orientation to foreign markets and demands realization of the active measures aimed at providing export expansion of the Russian industry.

Another important question is the amount of loss-making organizations. The above mentioned factors had a negative influence on the business activity of the enterprises. The following tables give a quick overview of the scale of this problem in Russia. Table 11 shows the dynamics of the loss-making

Table 10
Federal budget, bln. rubles

<i>Federal budget, bln rubles</i>	
1999	615,5
2000	1132,1
2001	1594,0
2002	2204,7
2003	2586,2
2004	3428,9
2005	5127,2
2006	6278,9
2007	7781,1
2008	9275,9
2009	7337,8
2010	8305,4
2011	11367,7
2012	12855,5
2013	13019,9
2014	14496,9
2015	13659,2
2016	13460,1

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

organizations in mining and quarrying. In this sphere their number from 2003 till 2016 varied from 0,6 in 2003 till 0,3 thousand in 2016. The share of total number of organizations in percent varied from 46,2 in 2003 till 29,2 in 2016.

Table 11
Loss-making organizations in mining and quarrying

<i>Loss-making organizations</i>	
<i>Mining and quarrying</i>	
<i>number of organizations, thou</i>	
2003	0,6
2004	0,5
2005	0,5
2006	0,4
2007	0,4
2008	0,4
2009	0,5
2010	0,4
2011	0,4

contd. table 11

2012	0,4
2013	0,4
2014	0,4
2015	0,4
2016	0,3
<i>share of total number of organizations, percent</i>	
2003	46,2
2004	39,8
2005	39,5
2006	35,0
2007	29,2
2008	30,9
2009	39,6
2010	32,4
2011	31,1
2012	29,6
2013	34,9
2014	36,9
2015	35,2
2016	29,2

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

Table 12 shows the dynamics of the loss-making organizations in manufacturing. In this sphere their number from 2003 till 2016 varied from 7,8 in 2003 till 2,7 thousand in 2016. The share of total number of organizations in percent varied from 40,4 in 2003 till 22,8 in 2016.

Table 12
Loss-making organizations in manufacturing

<i>Manufacturing</i>	
number of organizations, thou	
2003	7,8
2004	6,9
2005	5,8
2006	5,0
2007	3,9
2008	3,9
2009	4,8
2010	3,9
2011	3,6

contd. table 12

2012	3,1
2013	3,3
2014	3,6
2015	3,3
2016	2,7
<i>share of total number of organizations, percent</i>	
2003	40,4
2004	37,1
2005	33,4
2006	29,8
2007	23,6
2008	25,8
2009	32,7
2010	27,9
2011	26,4
2012	23,4
2013	25,0
2014	28,2
2015	26,6
2016	22,8

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

Table 13 shows the dynamics of the loss-making organizations in electricity, gas and water supply. In this sphere their number from 2003 till 2016 varied from 2,4 in 2003 till 1,9 thousand in 2016. The share of total number of organizations in percent varied from 58,2 in 2003 till 46,9 in 2016.

Table 13
Loss-making organizations in electricity, gas and water supply

<i>Electricity, gas and water supply</i>	
<i>number of organizations, thou</i>	
2003	2,4
2004	2,6
2005	2,7
2006	2,7
2007	2,5
2008	2,4
2009	2,1
2010	2,2
2011	2,3

contd. table 13

2012	2,2
2013	2,3
2014	2,2
2015	2,1
2016	1,9
<i>share of total number of organizations, percent</i>	
2003	58,2
2004	56,7
2005	52,2
2006	50,1
2007	44,9
2008	47,0
2009	44,4
2010	47,4
2011	49,5
2012	49,1
2013	49,4
2014	49,0
2015	49,2
2016	46,9

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

Table 14 shows the dynamics of the loss-making organizations in electricity, gas and water supply. In this sphere their number from 2003 till 2016 varied from 2,8 in 2003 till 0,9 thousand in 2016. The share of total number of organizations in percent varied from 38,8 in 2003 till 24,1 in 2016.

Table 14
Loss-making organizations in construction

<i>Construction</i>	
<i>number of organizations, thou</i>	
2003	2,8
2004	2,4
2005	1,8
2006	1,6
2007	1,1
2008	1,1
2009	1,5
2010	1,4
2011	1,2

contd. table 14

2012	1,0
2013	1,0
2014	1,0
2015	1,0
2016	0,9
share of total number of organizations, percent	
2003	38,8
2004	34,7
2005	28,3
2006	24,9
2007	17,8
2008	18,7
2009	27,6
2010	26,3
2011	25,8
2012	23,0
2013	23,5
2014	22,9
2015	25,6
2016	24,1

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

Table 15 shows the dynamics of the loss-making organizations in transport and communication. In this sphere their number from 2003 till 2016 varied from 3,0 in 2003 till 1,3 thousand in 2016. The share of total number of organizations in percent varied from 43,9 in 2003 till 32,6 in 2016.

Table 15
Loss-making organizations in transport and communication

<i>Transport and communication</i>	
<i>number of organizations, thou</i>	
2003	3,0
2004	2,9
2005	2,6
2006	2,4
2007	1,9
2008	1,9
2009	2,0
2010	1,9
2011	1,9

contd. table 15

2012	1,8
2013	1,8
2014	1,8
2015	1,5
2016	1,3
share of total number of organizations, percent	
2003	43,9
2004	41,3
2005	38,5
2006	37,4
2007	30,4
2008	32,6
2009	36,1
2010	35,9
2011	37,0
2012	34,4
2013	35,0
2014	36,5
2015	36,5
2016	32,6

Source: Краткосрочные экономические показатели - 2017 г., Федеральная служба государственной статистики, http://www.gks.ru/bgd/regl/b17_02/Main.htm

In order to conclude, Russia is facing new challenges at the moment. The above presented analysis shows a number of factors which have a negative effect of the business development in the country. At the same time the year 2017 brings new opportunities and chances for the business environment for the steady growth.

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NOTES

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