RUSSIA

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**BACKGROUND:** Vladimir Putin was reelected president in 2018 amid allegations of electoral fraud. Russia illegally annexed Ukraine’s Crimean Peninsula early in 2014 and launched its second invasion of Ukraine in February 2022. Western economic sanctions have led to a brain drain, capital flight, and nearly complete isolation from the rest of the world’s economy. A number of international companies have curtailed operations in Russia, and Russia’s bid to join the Organisation for Economic Co-operation and Development has been postponed indefinitely. Russia’s economy depends heavily on exports of oil and gas, which also have been negatively affected by the war in Ukraine.
The overall rule of law is weak in Russia. The country’s property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

The business environment remains repressive, and regulations remain burdensome and inconsistently enforced. The outmoded labor code continues to limit employment and productivity growth. The state’s influence on prices is extensive, and the most recent available inflation rate is 6.7 percent.

The trade-weighted average tariff rate is 5.3 percent. Private-sector trade and investment activities are undercut by structural and institutional constraints caused by state interference in the marketplace. Foreign investment is screened, and the financial sector is subject to government influence.