

THE RIPPLE EFFECT: ANALYZING THE INFLUENCE OF CURRENT GEOPOLITICAL CHALLENGES ON NATIONAL ECONOMY (THE CASE OF RUSSIA)

EFEKAT TALASANJA: ANALIZA UTICAJA AKTUELNIH GEOPOLITIČKIH PROMJENA ZA NACIONALNU EKONOMIJU (SLUČAJ RUSIJE)

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Abstract: Current geopolitical shifts of tectonic scale generate a set of new challenges for global economic leaders all around the world testing their abilities to adjust fast enough to radically changing environment and finding the appropriate commercial solutions. Country's global leadership refers to its ability to influence the global economy through its policies, trade agreements, and military power. Rising economic powers are challenging the dominance of traditional ones. Taking under consideration the fact that Russia nowadays is in the center of geopolitical tension with enormous number of various sanctions imposed on it and being actually forced to take a set of retaliatory measures, the authors focus on future prospects of the country's commercial interaction with international counterparts on the basis of "BANI framework", introduced by Jamais. The Russian case fits into it well. It is brittle in terms of existing economic links; anxious regarding the future prospects of country's involvement into international economic transactions; nonlinear as there is a disconnection between cause and effect of all measures recently taken by the government and its opponents; and incomprehensible in terms of the future impact of existing situation to the world. The authors argue that current geopolitical tensions will inevitably

change the entire sphere of international business in general, its geographical composition in particular. Active interaction with these or that international partners for the companies and their leaders all around the globe gradually seems to be more of strategic imperative, rather than an issue of willingness and choice.

Key words: global leadership, geopolitical challenges, Russian Federation, BANI framework, economic sanctions, international trade

Apstrakt: Trenutne geopolitičke promjene tektonskih razmjera stvaraju niz novih izazova za globalne ekonomske lidere širom svijeta što testira njihove sposobnosti da se dovoljno brzo prilagode radikalno promjenljivom okruženju i pronalaze odgovarajuća komercijalna rješenja. Globalno vođstvo zemlje odnosi se na njenu sposobnost da utiče na globalnu ekonomiju kroz svoje politike, trgovinske sporazume i vojnu moć. Rastuće ekonomske sile osporavaju dominaciju tradicionalnih. Uzimajući u obzir činjenicu da je Rusija danas u centru geopolitičkih tenzija sa ogromnim brojem raznih sankcija koje su joj nametnute i koja je zapravo prinuđena da preduzme niz uzvratnih mjera, autori se fokusiraju na buduće izgleda komercijalne interakcije zemlje

sa međunarodnim partnerima. na osnovu „BANI okvira“, koji je uveo Jamais. Ruski slučaj se dobro uklapa u to. Situacija je krhka u smislu postojećih ekonomskih veza; zabrinuta u pogledu budućih izgleda uključivanja zemlje u međunarodne ekonomske transakcije; nelinearna jer postoji nepovezanost između uzroka i posljedice svih mjera koje su nedavno preduzeli vlada i njeni protivnici; i neshvatljiva u smislu budućeg uticaja postojećeg stanja na svijet. Autori smatraju da će aktuelne geopolitičke tenzije neizbežno promijeniti cjelokupnu sferu međunarodnog poslovanja uopšte, a posebno njegov geografski sastav. Čini se da je aktivna interakcija sa ovim ili onim međunarodnim partnerima za kompanije i njihove lidere širom sveta postepeno više strateški imperativ, a ne pitanje volje i izbora.

Ključne riječi: globalno liderstvo, geopolitički izazovi, Ruska Federacija, BANI okvir, ekonomske sankcije, međunarodna trgovina

JEL classification: F13, F23, F51

1. INTRODUCTION

Recent geopolitical developments added strong arguments to support the claim made couple of years ago by Jamais Cascio. In particular he argues that a famous concept of “VUCA world” (with V standing for Volatile, U – for Uncertain, C – for Complex, A – for Ambiguous) tends to become substantially obsolete and has to be replaced by the “BANI framework” (with B standing for Brittle, A – for Anxious, N – for Nonlinear, I – for Incomprehensible). According to Cascio, this framework offers a lens through which to see and structure what’s happening in the world [5].

Regardless of a certain cautiousness (that from our perspective is needed in assessing real novelty of the approach)⁷ this is a challenge for almost everybody, twice as much for those who both consider themselves to be and are largely perceived by the others as global economic leaders. Among the virtues that could help the latter in finding appropriate responses there are intuition, as well as resilience in combination with flexibility. These are necessary to make and to implement consistently respective business decisions resulting from a comprehensive analysis of the current economic situation. Taking under consideration the fact that Russian Federation nowadays is in the center of geopolitical tension

⁷ In particular with respect to incomprehensibility one could recall a famous fragment from the Bible: “O the depth of the riches both of the wisdom and knowledge of God! how unsearchable are his judgments, and his ways past finding out!” (The Epistle of Paul the Apostle to the Romans, 11:33).

with enormous number of various sanctions imposed on it and being actually forced to take a set of retaliatory measures, the authors would like to focus on future prospects of the country’s commercial interaction with international counterparts. This is really a very relevant issue equally for Russian and foreign businesspersons.

2. RUSSIAN PARTICIPATION IN INTERNATIONAL ECONOMIC COOPERATION

After the collapse of the Soviet Union, Russia tried to expand its economic interaction with foreign partners.

During first two decades of the current century the country actively participated in international trade and investment cooperation accounting for a visible part of respective global transactions. Annexes 1 and 2 provide relevant information⁸. In particular, in case of trade for the period of 2005-2020 an average indicator of RF share in world merchandise export equals to 2.42% fluctuating between 1.77% in 2017 and 2.93% in 2008. In case of world merchandise import Russian share on average was 1.43% fluctuating between 1.01% in 2014 and 1.82% in 2013.

In contrast to visible trade, in trade in services Russian Federation constantly experienced deficit of the trade balance. Under the circumstances, for the same period an average indicator of RF share in world export of services equals to 1.16% fluctuating between 0.95% in 2020 and 1.39% in 2013. In case of world import of services Russian share on average was 1.84% fluctuating between 1.38% in 2020 and 2.81% in 2013. Assessing the developments of both components of Russian foreign trade one has to take under consideration – starting from 2014 – impact of sanctions and countersanctions. On top of that in 2020 COVID-19 influenced RF trade more than overwhelming majority of the leading trading nations [19].

Available data for 2005-2020 predictably enough demonstrate that Russian FDI inward and outward annual flows were substantially more volatile in comparison with foreign trade flows. The country’s share in world inward FDI fluctuated between 0.56% in 2015 and 4.30% in 2008. In case of outward FDI – between 0.85% in 2020 and 5.39% in 2013. At the same time, on average

⁸ The authors are fully aware that reliability of statistics (especially in case of FDI) is frequently challenged. Nevertheless, in our case the data are provided by the leading international economic organizations – WTO and UNCTAD – are the best available for international comparison; b) sufficient enough to reveal certain basic trends.

Russia accounted for 2.01% of the global FDI inflows and 2.61% of the global FDI outflows.

The authors would argue that above-mentioned data on Russian shares should not be perceived as something self-sufficient and isolated. Quite a legitimate question under the circumstances looks like the following: whether basic features of Russian economy create favourable preconditions for an active participation of the country in

international economic cooperation in general, international trade as original as well as basic form of the latter in particular? Let us discuss some of these relevant features.

Probably the most obvious issue here is the abundance of various – including strategic, i.e. critical for a proper functioning of majority of the economies on the globe – natural resources. Table 1 provides respective information.

Table 1. Share of RF in global reserves of selected natural resources, % %

Oil	6.2	Uranium	8.0	Nickel	11.0	Titan	12.4
Natural gas	19.9	Ferrous metals	14.9	Potassium salts	22.0	Gold	13.0
Coal	15.1	Bauxite	6.0	Zink	13.-	Silver	9.0
Rare earth metals	16.6	Cupper	8.0	Wolfram	10.0	Diamonds	52.3

Source: Computed on the basis of: Statistical Review of World Energy 2021;

О состоянии и использовании минерально-сырьевых ресурсов Российской Федерации в 2019 году. Москва 2020.

All that creates mighty incentives for interaction for both domestic and external economic agents. At the same time, well-known discussions on so called Dutch disease and Natural resource curse gave birth to the sensible opinion that abundant natural resources do not guarantee prosperity. More than that, this type of abundance could – at least sometimes – discourage and even hamper economic and social progress and could generate a conflict of interest between the members of international community.

On top of natural resource abundance during last several years, Russia has become a perceptible exporter of agricultural products. In particular, the country accounts for about 10% of the overall grain export. In case of wheat Russian share is above 18% [15].

The next point on our list relates to the territory of the country. Even after the collapse of the Soviet Union 1991, Russian Federation is still the largest country on our planet occupying 17 125.2 million square kilometers, i.e. about one ninth (or 11.4%) of the global dry land. Under the circumstances Russia predictably enough is number one on the globe in terms of number of neighbouring countries – 18 with common land border and 2 with common sea border [20].⁹

⁹ The data are borrowed from the official Russian sources. Respective data provided by other sources could differ. In a way - nothing extraordinary. For example, due to several reasons assessments of world merchandise export given by WB and the WTO do not match each other. In fact, certain discrepancies in data from various sources are typical for the majority of macro-economic indicators such as GDP, FDI flows and stocks, unemployment rate, etc. But what about

Taking under consideration relatively immature internal Russian transportation infrastructure one could probably perceive this as an additional factor facilitating the transborder trade. It happens to be correct only with respect to certain parts of European Russia¹⁰ and Russian Far East. At the same time in general, above-mentioned national geographical peculiarities rather create additional hurdles to foreign trade facilitation. George Friedman reasonably highlights an actual remoteness of the country from the major maritime trade routes claiming that “Russia is essentially landlocked. The ports on the Arctic Ocean are frequently frozen and the ports on the Black Sea and the Baltic Sea could have their access to the oceans blocked by enemies that control narrow straits. All of these ports are distant from most of Russia” [8].

the territory of a country? Shouldn't new technologies guarantee very high level of precision in measuring it? In general, they do. Meanwhile, in our specific case the gap between data in particular published by Russian Federation Federal State Statistics Service and by US Central Intelligence Agency The World Factbook is so to say politically- or rather geopolitically-driven. The point is that two sides fundamentally disagree regarding an affiliation of Crimea. Russian statistics treats the peninsula as part of the Russian Federation, adding its 26.1 thousand square kilometers to the territory of the country. In contrast to that, CIA perceives Crimea as part of Ukraine. Similarly, geopolitics generates the discrepancies in assessment of Russian population and the number of its neighbouring countries. Four of them are recognized as independent sovereign states only by Russian Federation and a very small number of other members of international community.

¹⁰ Less than on quarter of Russian Federation is geographically located in Europe.

At last, but not least, size of the population and overall level of economic development should definitely be mentioned. In case of the former, Russia with 146.2 million inhabitants is the 9th biggest country on the globe. As some kind of a dominant trend, large economies paribus ceteris tend to be regarding international trade less open in comparison with their smaller counterparts. In case of the latter, World Bank estimates Russian GDP per capita for 2020 in 10127 USD (at current exchange rate), that is higher than Indian (1928 USD) or Brazilian (6797 USD), almost equaling Chinese (10435 USD) and substantially lagging behind respective indicator of the USA (63594 USD) or Germany (46208 USD) [18]. Here

thinking of some kind of a dominant trend, one could sensibly argue that wealthier countries paribus ceteris tend to be regarding international trade more open in comparison with their less developed counterparts.

Taking all above-mentioned under consideration it seems reasonable to look at one of the basic relative indicators typically used to measure the involvement of any specific country in international trade or their so-called functional trade openness. Table 2 provides relevant information.

Table 2. Foreign trade quotas (merchandise export + merchandise import / GDP) for selected economies in selected years; (%)

	2015	2017	2018	2020
Mexico	68.7	73.2	75.9	75.4
Germany	70.9	71.0	71.2	67.1
South Korea	70.0	68.5	70.4	60.1
Canada	54.5	52.2	53.7	48.8
Russia	40.3	38.7	42.5	38.9
China	36.4	34.2	34.5	31.6
Indonesia	34.0	32.1	36.1	28.8
EU	23.9	24.4	24.8	27.5
Brazil	20.8	18.3	23.0	26.2
Japan	30.9	28.1	30.0	25.3
India	31.8	28.6	30.8	24.0
USA	21.2	20.4	20.9	18.3

Source: Computed on the basis of: WTO Trade Profile, 2016, 2018, 2019, 2021.

Assessing the data, the authors are tempted to claim that the Russian Federation – being ahead of at least several leading global traders with other more or less comparable economic characteristics – demonstrated unexpectedly high propensity to trade¹¹.

3. OPTIONS AVAILABLE FOR BUSINESS PEOPLE

Starting from late February 2022, a new wave of geopolitical confrontation provides a set of new challenges for global economic leaders all around the world testing their analytical skills, their ability to adjust fast enough to radically changing environment finding the appropriate commercial solutions. That is relevant both for those who make

decisions with respect to business foreign activities within Russia or with Russian partners and for the leaders of Russian companies regarding their international transactions.

Due to variety of reasons Russian deliveries of the Western partners that traditionally accounted for a large share in RF foreign trade suffered substantially. Indeed, total volume of EU goods exports to Russia contracted by 52 % on a year-to-year basis in March 2022. Finland could be perceived as an illustrative example of this trend. Preliminary figures released by Finnish Customs show that Finland's goods exports to Russia fell by 58 % on a year-to-year basis in April 2022. Lower demand, EU export restrictions and voluntary withdrawals from the Russian market by Finnish firms led to a decrease in exports. The declines in exports registered in April occurred across-the-board, affecting nearly all goods categories. The value of Finnish goods exports to Russia in April was just 140 million euros, its lowest level in over two decades [3].

Under the circumstances, Russian business people in general reacted to the recent situation in two

¹¹ For more detailed discussion of the issue see: Russian Trade Policy: achievements, challenges and prospects / edited by Sergei Sutyurin, Olga Trofimenko and Alexandra Koval. Abingdon, Oxon; New York, NY: Routledge, 2019. P.306-310; Торговая политика России и стран Восточной Азии: поиск путей для взаимовыгодного сотрудничества: Монография / Отв. ред. И.А. Коргун, С.Ф. Сутырин. М.: ИЭ РАН, 2020. С. 28-37.

different ways. First group contracted or totally stopped their activities. Some of them even left the country. Second group in contrast intensified the efforts trying to capitalize on less competitive environment. In particular, according to Wildberries analytical report, 51% of Russian companies anticipate 1.5-3-fold expansion of their sales in 2022; 18% plan to start own production. Fashion goods, cosmetics and foodstuffs are among the most promising sectors. About 27% of the respondents already started to widen their product matrix to enter the new niches available after foreign brands left. Interesting enough that up to 70% of the respondents secured previously existed logistic routs [21].

At the same time, Russian deliveries to the West in their traditional ways also faced different obstacles. For example, many of Finland's top imports from Russia have already ceased. Imports of raw timber were discontinued already in March. Crude oil imports contracted sharply in March and April. Finnish Customs reports that no crude oil was imported from Russia in May. In addition, pipeline gas and electricity imports from Russia have stopped. Finnish coal imports will cease latest at the start of August under the EU ban on coal imports [3].

With respect to a large variety of products Russian companies try to find alternative routes to reach the customers. In particular, a total of 288 legal and physical persons from Russia opened companies in Serbia already as soon as the end of March 2022 since the war in Ukraine broke out on 24 February. The newly-established Russian firms have been registered for programming operations, unspecified retail sales, business consulting and management, and IT consulting. Agency for Business Registries (ABR) data shows that Serbia has 876 companies owned entirely or partly by Russians and 524 entrepreneurs, not including shareholder societies, majority-owned by Russia, such as the Serbian Oil Industry (NIS), YUGOROSGAZ, Lukoil Serbia [7]. Similarly, in April 2022, Russians with 136 new entities became the leaders among foreigners who established their companies in Turkey. Significantly enough that the second in the list – with 120 companies – were Iranians.

Another noticeable development resulted from the policy of the Western countries aiming at creating as much as possible obstacles for the Russian companies in gaining access to international financial markets, including modern system of payments dominated by US dollar. According to Bloomberg, monthly volumes of the ruble-yuan pair surged by the end of May 2022 up to almost \$4 billion – nearly 12 times the volumes in

February – since the start of the war in Ukraine as the two nations seek to reduce their reliance on American currency and boost bilateral trade to overcome current and potential US sanctions [1]. To be fair one should take under consideration that the current flight from dollar in fact strongly facilitated the trend that had emerged substantially before – at least a decade ago – when Russian Federation trying to diversify geographical composition of its international economic links had started to intensify cooperation with the Asian countries, especially China.

The challenge faced by foreign business community concerning the commercial operations within Russia or with Russian partners is also a difficult one. In many instances the companies from the countries that imposed sanctions on Russian Federation – regardless of their own purely economic considerations – simply can't resist anti-Russian political pressure. Five months after the start of military conflict there are sound reasons to argue that especially in case of EU economy became a real hostage of the geopolitics. In particular, according to Bloomberg, German top union officials claimed in beginning of July that the leading national industries could face collapse because of cuts in the supplies of Russian natural gas. "Because of the gas bottlenecks, entire industries are in danger of permanently collapsing: aluminum, glass, the chemical industry," said Yasmin Fahimi, the head of the German Federation of Trade Unions (DGB), in an interview with the newspaper Bild am Sonntag. "Such a collapse would have massive consequences for the entire economy and jobs in Germany." In his turn Economics Minister Robert Habeck said that the government is working on ways to address the surging costs both utilities and their customers face, without giving details. Earlier he had warned that the squeeze on Russian gas supplies risks creating deeper turmoil, likening the situation to the role of Lehman Brothers in triggering the financial crisis in 2008 [10].

The attitude of foreign companies undertaking their economic activities in Russia varies substantially after February, 2022. Some of them made quick decisions to leave the country. Thus, Volkswagen Group Rus stopped production in Nizhny Novgorod at the facilities of GAZ. The company explained this by a high level of uncertainty and the inability to predict a potential resumption of production. ABB, Siemens, and many others also leave the country.

Many companies that are leaving the country sale their assets to Russian managers. Thus, The Norwegian chemical company Jotun, one of the world's leading manufacturers of decorative paints,

marine, industrial and powder coatings, announced the sale of all assets in Russia and further exit from the Russian market. Michelin, Otis, and many others demonstrate the same pattern. Another group of potential buyers comes from “neutral” countries. Businessmen from China, Turkey, India and Korea indicated their interest in getting new promising assets.

All in all, over 500 companies made decisions to suspend their activities or leave Russia in 2022. One can guess what were the motives behind such decisions. Some managers dare to say about external pressure that compel them to do so. For example, Reinold Geiger, the Chairman & CEO of L'Occitane considered it unfair to force businesses to leave the country. He argues that sanctions against Russian Federation are "severely punishing" European companies, adding that when peace comes, EU firms will have to "be patient" to regain lost market share. Stores that previously belonged to the French chain L'Occitane and recently changed their signage to L'Occitane have come under the control of Russian top managers. Russia provided the French retailer with more than 3% of all sales [13].

Austrian Raiffeisen bank is also under the pressure. Initially, the Russian "daughter" of the bank announced its intention to continue working in Russia. This approach seems reasonable as the local subsidiary brings the parent company more than a third of the entire group's profit. At the same time, later representatives of the bank declared that the managers are evaluating all strategic options for the future, including a “carefully considered exit” [6].

According to a consulting company Aspring Capital, Most Western companies are not eager to pack up and leave here and now, and would be happy to continue doing business in Russia. But many of them are under serious pressure on this issue from their headquarters. Many companies considering the leave take a wait-and-see attitude and carefully consider different options. Technical difficulties in agreeing on the terms for the further use of trademarks, technologies, IT systems is another reason for the slowdown of the leave [14].

Some companies continued operations in Russia, but with some limitation. Nestle, for example, already in March 2022 announced that it will stop deliveries of Nespresso coffee and San Pellegrino mineral water to Russia. Nestle also stopped investing in Russian projects. The company plans importing and exporting only essential goods [12]. From September 1, 2022 DHL Express stops delivering goods within Russia. After that day the company will continue only to provide delivery services from Russia abroad.

In contrast, Leroy Merlin continues to work in Russia. The company decided not to stop its activities in the country. The retailer announced that after a number of other foreign firms left Russia, it is open to proposals to increase supplies and expand the range. Leroy Merlin has intensified the search for a new range and replacement of goods with which there are difficulties in supply or production. It also decided not to penalize partners for under deliveries and considers requests for changes in purchase prices in a shortened time frame [11]. Orion Group, one of the oldest South Korean companies, producing confectionery and snacks, reaffirms commitment to Russian market. The company even planned to expand production by launching a new factory [9].

As for the business entities from the countries that did not support Western policy towards Russia, they often behave in a cautious way. The point is that respective companies have to take under consideration the risks of potential losses associated with so-called secondary sanction. Under the circumstances they can't fully and openly exploit opportunities resulting from the decision of their Western competitors to leave the Russian market.

Thus, one could expect that import from China would substantially substitute a large variety of products that are not available in Russia any more from traditional sources. But some companies from PRC demonstrate opposite attitude. For example, computer maker Lenovo and smartphone producer Xiaomi have cut shipments to Russia amid fears of Western sanctions and pressure from suppliers, including Western companies. Chinese companies usually do not openly announce the actual curtailment of business, although there are exceptions. In April, 2022 this was Dajiang Innovation, which produces drones. The company left both Russia and Ukraine [17].

All in all, trade data shows that the value of China's goods exports to Russia has contracted since February 2022 in all major categories. For the March-May period, China's exports to Russia in the machinery & equipment category were down by 9 % y-o-y and in the electronics category by 33 %. Exports of cars from China to Russia fell by 8 % y-o-y while textiles [2].

At the same time, limitations connected to exports of Russian products to traditional partners forced the local businesses to look for new and expanding existing markets of “neutral” countries. For example, India recently became a substantial consumer of Russian crude oil: it amounts to nearly a quarter of India's total oil imports. Before February 2022, the share was less than 1 % of India's oil imports. The growth reflects the fact

that Russia is selling its oil at a discount due to Western sanctions [4].

Discussing the prospects for foreign companies in doing business within Russia or with Russian partners it seems sensible to bring attention to possible changes in *modus operandi* of Russian consumers, in particular in B2C marketing framework. One of the authors of the present paper some time ago argued that as a whole their attitude towards foreign products/brands/values starting from early 1990s gradually evolved from some kind of “inferiority complex” with regard to the goods made abroad to much more balanced but still generally more or less positive perception [16]. Due to the pressure of sanctions – in most of the cases generating national consolidation and more patriotic mentality – Russian consumers could start rejecting certain products just because of their foreign origins clearly prioritizing domestic counterparts.

CONCLUSION

Current geopolitical tensions will inevitably change the whole sphere of international business in general, its geographical composition in particular. Meanwhile active interaction with these or that international partners for the companies and their leaders all around the globe gradually seems to be more of strategic imperative, rather than an issue of willingness and choice. It goes without saying that above-mentioned interactions? generate not only extra advantages and gains. There are also substantial associated costs, risks and problems. They make the process far from being simple, smooth and straightforward. International cooperation has experienced ups and downs; currently “de-globalization” is a buzz word for many academics and politicians; pandemic of COVID-19 encouraged the countries to reduce almost any forms of collaboration with other members of international community. Geopolitical tension adds a lot of “salt and pepper” to already existed problems. Nevertheless, focus on national economic isolation by all means does not look like an acceptable alternative.

The current situation around Russia fits into “BANI framework”. It is brittle in terms of existing economic links; anxious regarding the future prospects of country’s involvement into international economic transactions; nonlinear as there is a disconnection between cause and effect of all measures recently taken by the government and its opponents; and incomprehensible in terms of the future impact of existing situation to the world. The current challenges not only coursed the

losses, but also opened a window of opportunities for those who has no fear to use it.

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SUMMARY

The Paper tries to focus on future prospects of the country's commercial interaction with international counterparts. Russian Federation nowadays is in the center of geopolitical tension with enormous number of various sanctions imposed on it and being actually forced to take a set of retaliatory measures. This is a very relevant issue equally for Russian and foreign businesspersons. The following factors influence Russia's participation in international economic relations: a large number of explored and extracted natural resources that led to the Dutch disease, huge territory and relatively immature internal transportation infrastructure, severe climate conditions that reduce the number of non-freezing ports, a relatively small population compared to

the territory occupied by the country, the concentration of economic activity in a comparatively small western region of the country. All in all, the Russian Federation – being ahead of at least several leading global traders with other more or less comparable economic characteristics – demonstrated unexpectedly high propensity to trade.

A first substantial set of measures affecting Russia's participation in international economic relations was introduced in 2014, both by a number of foreign countries and the government of Russian Federation. Starting from late February 2022, a new wave of geopolitical confrontation provides a set of new challenges for global economic leaders all around the world testing their analytical skills, their ability to adjust fast enough to radically changing environment finding the appropriate commercial solutions. Many traditional trade channels began to collapse, the "turn to the East" sharply intensified. Russian business people in general reacted to the recent situation in two different ways. First group contracted or totally stopped their activities. Some of them even left the country. Second group in contrast intensified the efforts trying to capitalize on less competitive environment. Under the influence of external factors and internal beliefs, many foreign companies began to leave the Russian market, while additional opportunities to conquer the Russian market appeared for domestic companies and firms that are not directly or indirectly involved in the sanctions policy.

Another noticeable development resulted from the policy of the Western countries aiming at creating as much as possible obstacles for the Russian companies in gaining access to international financial markets, including modern system of payments dominated by US dollar. Trading in euros is also limited. Such situation forces companies to switch to trading in national currencies with the main foreign trade partners. This allows businesses to get away from transaction problems and shows an example to other countries.

The current situation around Russia fits into "BANI framework". It is brittle in terms of existing economic links; anxious regarding the future prospects of country's involvement into international economic transactions; nonlinear as there is a disconnection between cause and effect of all measures recently taken by the government and its opponents; and incomprehensible in terms of the future impact of existing situation to the world. The current challenges not only coursed the losses, but also opened a window of opportunities for those who has no fear to use it.