

# Russia's economy

Business



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Broad generalities are oftentimes utilized as a means of a company determining whether or not they will invest within a particular nation/region. However, the reality of the matter is that economic bright spots, dark spots, and potentials for growth are differentiated throughout the globe; representing a situation in which even the most economically depressed region has the potential for several optimistic opportunities. As a function of this particular understanding, the following analysis will utilize the case of the Russian Federation in seeking to provide the reader with an understanding of the key strengths, weaknesses, and opportunities that exist within this particular market.

Firstly, with regards to the strength that exist within the Russian Federation, it can categorically be said that the natural resource markets for oil, natural gas, and mineral extraction have provided the Russian Federation with a runaway level of economic growth during a period in which much of the remainder of the world has been mired in recession. As a direct result of the fact that the Russian Federation has untold billions of barrels of oil in on reservoirs, the potential for growth within the near future is profound.

Moreover, surveys into overall levels of natural gas resources within the Russian Federation indicate that this country has the largest known reserves of natural gas anywhere in the rest of the world. 1 Copious supplies of coal, iron, gold, silver, diamonds, and other desired natural resources are also found in abundance in Russia's the vast eastern wilderness. Finally, another core strength/bright spot of the Russian economy is concentric upon the fact that the Russian Federation exhibit a very high level of educational aptitude and higher learning; doubtless the result of decades of Soviet education that adequately equipped individuals with profound levels of scientific and

engineering knowledge.

However, apart from the bright spots and potentials for development that had previously been elaborated upon, perhaps the greatest drawback that exists currently within the Russian Federation is contingent upon the overall level of corruption within the country. At nearly almost every level, corruption is a stifling influence which creates unknown prices and incalculable expense for companies that choose to operate within its borders. Such a constraint to foreign direct investment has significantly reduces the overall number of firms that are actively interested in developing their companies further within the Russian Federation. In tandem with this level of corruption, democracy within the Russian Federation is something that is very much limited. Since the administration of Boris Yeltsin, which ended in early 2000, Vladimir Putin has served as the undisputed strongman in Russian politics; exhibiting a situation in which many Russians expect that he will continue to serve as a de facto dictator up until the point in which a coup takes place or he dies.

Nevertheless, notwithstanding these issues, there is a potential growth for many elements within the Russian economy. As a result of the fact that a middle class is finally coming to be evidenced throughout the country, the need and demand for consumer goods, as well as modern luxury goods, is increasing steadily. Moreover, as salaries increase and travel increases, the integration that Russians around the Russian Federation experience with the remainder of Europe has also increased. In such a manner, promoting goods and services to this demographic and seeking to slowly mirror the way in which products and services are represented throughout Western Europe to Russians within the Russian Federation will likely be a business approach

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that can be significantly rewarding in the near future.

#### Bibliography

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