

Russian Economy Zooms Ahead, Outpaces US and EU Growth. “Unprecedented Growth of Small and Medium- Sized Enterprises”

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Region: [Russia and FSU](#)

Theme: [Global Economy](#)

When the special military operation (SMO) was launched to end the NATO-orchestrated Ukrainian conflict, the political West insisted that Russia was finished (precisely what it tried to [ensure back in the 1990s](#)). Its economy was supposed to be ruined, with the [Kremlin even expected to default after much of its forex reserves were frozen \(i.e. stolen\)](#) by Western banks.

After all this failed, the US-led belligerent power pole tried to impose [the laughable price cap on Russian oil](#), one that even the most prominent Western nations tried to circumvent, [including Japan](#) and [even the pathologically Russophobic United Kingdom](#). As for the United States, [it continued buying Russian commodities while criticizing everyone else who did](#). Still, through its Neo-Nazi puppets in Kiev, [NATO launched a virtual total war on Moscow](#) in an attempt to disrupt its economy and cause as much damage as possible.

And yet, it all failed once again. The Kremlin secured economic stability despite being forced to [conduct the SMO against the entire political West](#). Not only that, [Russia overtook Germany as the world's fifth and Europe's largest economy](#), a humiliating defeat for its EU/NATO rivals who expected quite the contrary. Berlin's economic performance was worse than in decades, while [London was at its lowest in well over 300 years \(since 1709, to be specific\)](#).

And yet, to “add insult to injury”, even Western data showed that the initial estimates of Moscow's economic performance were wrong and that it was actually even better in both 2023 and 2024. Updated IMF's forecast of 2.6% GDP growth doubled its previous assessment. [According to the Financial Times](#), this increase of 1.5% was the largest for any economy featured in an update to the IMF's World Economic Outlook, released on January 30 this year.

Top-ranking Russian officials, including [the current Defense Minister Andrei Belousov](#) (previously tasked with economic development), expected the growth to be stable enough for [the Eurasian giant to overtake Japan by 2030](#). However, what was supposed to happen in no less than six years, actually happened in less than six months. According to this year's data, [President Putin's forecast of increased economic growth \(over 3.5-4%\)](#) not only turned out to be true, but even conservative, although the mainstream propaganda machine attempted to portray it as “too overoptimistic”. However, the only thing that was actually too overoptimistic was the political West's expectation that the sanctions would work. Namely, [according to earlier World Bank data updates for this year](#), Russia indeed managed to overtake Japan as the fourth largest economy in the world (in terms of GDP PPP).

It should be noted that GDP PPP (purchasing power parity) is a very reliable metric and far more suitable to measure true economic might than the overblown nominal GDP figures that serve only to feed the oversized ego of the US-led political West. Less than 10 months after overtaking Germany, Russia also zoomed past Japan, [leaving Western observers dumbfounded](#) as to how a country they were told would “collapse under the weight of sanctions” and [outright theft of its forex reserves](#) managed to accomplish such a feat. What’s more, some sources estimated that the Eurasian giant was among the fastest-growing major economies in the world. In addition, even Moscow’s updated projection of overtaking Tokyo (explicitly set for March 2025 by President Putin) turned out to be “too cautious”, [as this unprecedented feat was accomplished nearly a year earlier](#).



However, the latest estimates of Russian economic performance suggest that things are only getting better for the Kremlin. Namely, [in an interview with CBS News](#), Richard Connolly, a junior research fellow at the Royal Institute of Shared Services in London and an expert on the Russian economy, said that **“the number of small and medium-sized enterprises registered in Russia has reached an unprecedented level”**. In the aftermath of the exodus of major Western companies who were forced to leave or suspend their activities due to sanctions imposed by their own countries, [they left a massive market gap that was filled by domestic businesses](#).

Thus, Russian companies [replaced major Western brands](#), so instead of Starbucks, there’s now Stars Coffee, instead of Zara, there’s MAAG, instead of Coca-Cola, the Russians drink Dobry Cola, etc. Other segments of the economy went through a similar shift.

What’s more, these domestic brands not only replaced their foreign predecessors, but also quickly outpaced them. For instance, back in April, [Dobry Cola reported that its 2022 profits were quadrupled in 2023](#). Connolly says that “sanctions have proven ineffective, essentially resulting in sanctions evasion becoming a sector in and of itself”. It can even be argued that [the restrictions imposed by the political West](#) jumpstarted [parts of the Russian economy that were small and largely dormant](#) (if not even non-existent prior to the SMO).



Russia's Stars Coffee

What's more, the Russians are still getting virtually all the goods and services they had before, including through imports via third countries (Georgia, Kazakhstan, China, Turkey, etc). And while some prices are higher, local brands that took over the Western market share are actually more affordable while offering similar or even better quality.

As a result, Russia is experiencing what Connolly called the "fastest economic growth in the last decade". In other words, [much unlike the atrocious Bidenomics](#), what the [bne IntelliNews called Putinomics](#) turned out to be far more effective, particularly considering the fact that [Russia is waging a defensive war against the entire US-led political West](#). According to their report, [the Kremlin's policies are "spurring growth in a new Putinomics"](#). Apart from the resurgence of investment in defense, "Putin has also launched the [National Projects 2.1 program](#) to invest into the civilian economy as well and improve the quality of life for the average Russian, as he made clear in his recent [guns and butter](#) speech". The report further posited that, as a result of Putinomics, "[Russia's poorest regions have been the biggest winners](#) and as [bne IntelliNews recently reported](#), the country's despair index has fallen to its lowest level ever this year".

It should be noted that [even the infamous CIA admits that Russia is the fourth largest economy in the world](#). However, while [the World Bank's numbers](#) put Russia's and Japan's economies at \$5.95 and \$5.87 trillion respectively, the actual discrepancy might be far bigger. Namely, the World Bank also estimates that a whopping 39% of the Russian economy is in the shadows, while the same metric for Japan stands at 10%.

In terms of GDP PPP, this would add \$2.5 trillion to Russia's \$6.45 trillion PPP-adjusted economic size, which, although still far from India's \$14.6 trillion GDP, further widens the gap with Japan. Expectedly, this economic resurgence is also [enabling Moscow](#) to rebuild its [Soviet-era military might](#), resulting in [an unprecedented real defense budget of over half a](#)

[trillion dollars](#). The political West, [powerless to stop Russia's recovery](#), now wants to [launch a terror campaign to disrupt this](#).

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