

Major Industries in Russia Spur Growth, but Risks Linger

Of the four notable [emerging economies](#) - [Brazil](#), Russia, [India](#), and [China](#) - Russia holds the most potential. It also comes with some of the highest risk. However, businesses that are aware of these risks ahead of time and plan appropriately will have a major advantage over other international competitors, especially if they capitalize on the major industries in Russia.

The Emerging Russian Economy

Russia's size alone gives it a leg up on smaller emerging economies. It is the largest country in the world by land area, and its sprawling countryside has supported a number of agricultural, mining, and transportation-based industries. These businesses have grown immensely in the past few decades, making them major industries in Russia.

Machinery manufacturing in all of these sectors has been a boon to Russia's economy. This includes the production of agricultural machinery, construction equipment, and coal, gas and metals extraction equipment and transportation.

The decades-long Cold War with the West also boosted the country's defense production and spending, which has also played a major role in the economy's growth. Some of these developments include aircraft and spacecraft, missiles, radar, and other advanced electronics.

However, amid all of these burgeoning sectors, the [oil and gas industry](#) has continued to be the single most important contributor to the country's continued growth, and many suspect this will be the case in the years ahead.

Benefits of Heading to Russia

The collapse of the Soviet Empire has appeared to serve current-day Russia well. In the past two decades, the country has seen valuable strides in education rates and economic growth, which is attributed to its wealth of natural resources and improving infrastructure.

According to *NationMaster*, currently 64.1 percent of all college-aged men and women (those in the five-year age group after the official end of the country's secondary school) are enrolled in a tertiary institution. To put that in context, the U.S. ranks number one in enrollments at 72.6 percent, followed by Finland, Norway, Sweden and New Zealand, with Russia capping off the list at number six.

This suggests Russia's workforce will become increasingly educated as the years go on, bolstering the individual growth opportunities for its citizens.

Russia's vast countryside has also paved the way for enormous growth in natural resources, one of the major industries in Russia. About 20 percent of the world's oil and

natural gas production takes place in Russia. This has led to a booming export market and has also helped the country gain near energy independence.

What's more, this land holds massive deposits of several minable minerals, including iron ore, manganese, chromium, nickel, platinum, titanium, copper, tin, lead, tungsten, diamonds, phosphates, and gold. Pair this with thousands of acres of untouched forest (Siberia holds about one-fifth of the world's trees) and it makes for a robust natural resources sector that, if tapped into correctly, could be sustainable for generations.

Risks to Russia's Economic Growth

As with any country, [doing business in Russia](#) comes with its own set of risks.

For one, business and government corruption run rampant, costing the government and its citizens a large portion of the country's GDP, with estimates ranging from 3% to 25%. This has been typical of countries like Russia that have made the leap from a communist government to free market.

One of the most concerning - and recent - risks to the future of Russia's growth has been the number of college-educated residents who immigrate to other countries. This "brain drain," as socio-economists call it, could potentially offset the benefits that come from such a high percentage of college-enrolled students.

The future of Russia's economy is still up in the air, especially as tensions heat up along the country's border and the [military presence outside and in parts of the Ukraine grows](#). To protect yourself or your employees, you may want to look into [international commercial insurance](#).

Learn more about [risk assessment in Russia](#), and [mistakes to avoid when living and working abroad](#).