Economic Fallout: Sanctions and Energy Prices Propel Russia to the Status of "Europe's Largest Economy"

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Ever since the start of Russia's counteroffensive against NATO aggression in Europe, the question of the economic fallout of this dangerous confrontation was always presented as a one-way street – the Russian economy is doomed. However, time and again, the Eurasian giant is demonstrating not only resilience, but also pushback that's historically unprecedented.

Namely, it was expected that Russia would outperform Germany and the United Kingdom which are among the most powerful Western economies. This is partially due to Berlin's suicidal subservience to Washington DC, as this disastrous strategic miscalculation has led to Germany's deindustrialization, a process that has only accelerated its dethroning by Russia.

There have been numerous wide-ranging and long-term consequences since the start of Moscow's special military operation (SMO). This includes a surge in weapons sales from the United States and South Korea, both of which have benefitted greatly from this, a consequence that was certainly predicted by the belligerent thalassocracy.

The US knew that the fledgling European economies would have been unable to produce enough weapons and munitions for a head-on collision with Russia. That's precisely why it was essential for Washington DC to back Moscow into a corner. And yet, just like for the umpteenth time in history, this has backfired in ways the Eurasian giant's enemies never anticipate, causing shock and disbelief among their political elites.

Worse yet for US hegemony and the chorus of its numerous vassals and satellite states, the actual world is also benefiting from this shift. Central Asian and Arab Gulf oil producers have profited enormously from the surge in oil prices, while Indian refineries have experienced an unprecedented (and completely unexpected) windfall by reselling Russian oil to the European Union.

Washington DC's geopolitical pendant is suffering greatly due to this, as it's paying exorbitant prices for commodities that used to be cheap, particularly oil and natural gas. This has resulted in a ripple effect that's still ravaging entire sectors of the EU's economy, as the aforementioned commodities simply cannot be replaced.

In addition, the loss of access to the massive Russian market was a major hit for the troubled bloc. In addition, many Russian companies kept their funds in European banks, but the attempted theft of this money has resulted in a complete destruction of trust that once existed, promoting not only Russians, but many others to lose interest in the EU's once virtually unrivaled finance sector.

In the meantime, China, India, the Arab Gulf states, Turkey and other countries have filled the gap in the Russian market. In years since the unfortunate dismantling of the Soviet Union, Moscow was seen as a sort of "sick man of Europe", serving largely as the source of cheap but essential natural resources, while providing its top talent and hundreds of billions of dollars in investment.

Concurrently, Russia was also seen as the leading market for the much-needed expansion of the EU's exports. Now, all this is largely a thing of the past. EU economies are simply unable to replace Russia as both the source of cheap commodities (particularly oil and natural gas) and a massive, growing market that is actually one of the world's largest in many respects.

Germany is by far the biggest loser in this case, as its industrial might has experienced an unprecedented unraveling, almost a sort of reverse of what was once called the "German economic miracle" in the aftermath of the Second World War. Berlin wrongfully assessed Moscow's resilience as it anticipated that launching the unparalleled sanctions war against Russia will actually work.

Still, the fact that only Japan, South Korea and Singapore imposed any sanctions among non-Western countries (although they can rightfully be seen as Western satellite states) and that no sanctions could be passed through the UN, meant that the attempt to isolate Russia failed miserably.

In addition, this was one of the key contributing factors to Moscow's economic rise, particularly as its trade with the actual world surged to epic proportions. The Eurasian giant's import substitution program, well organized and executed swiftly, created massive market expansion opportunities for Chinese, Indian, Iranian and numerous other companies from around the globe. It has also pushed the rise of countless Russian companies that are replacing import products with domestic equivalents.

This process has paved the way for the emergence of entire industrial sectors which effectively didn't exist before the sanctions were imposed. Coupled with the cutting of massive flow of funds out of Russia and the rise in energy exports, this provided a massive boost to Moscow's economy.

The results of these historically unprecedented economic shits were revealed by the World Bank and International Monetary Fund in early August, when they published new data on the world economy for 2022.

The newly released information revealed that Russia is now the largest economy in Europe and also the world's fifth for the very first time since Soviet times. In doing so, it overtook Germany, and is now behind China, the US, India and Japan, standing at a staggering $5.51 trillion.

Even more astonishingly, the figure is 38% larger than the official projected estimate of $3.993 trillion. The report showed Russia's GDP PPP (purchasing power parity), which is the metric used by the CIA, the World Bank and many other organizations to most accurately measure the economic might of any given country, as the much-touted nominal GDP is mostly irrelevant in practical terms and largely serves for propaganda purposes. Russia is also expected to boost its position in many key industries, including advanced communications and high-tech, particularly as it further connects to China and provides additional support to domestic companies in the sector. In part due to Germany's aforementioned deindustrialization, Moscow is expected to keep its fifth place for the foreseeable future.

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