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# Deglobalisation of Russia - abuse of the most successful period in the country's history



London was the first Western capital to which Vladimir Putin travelled after he came to power in 2000. It was the global debut of the new leader, who hinted that he would include Russia in the world for the first time in more than 100 years.

In April that year, when he arrived in the UK for a 24-hour visit, Putin still had not formally assumed the presidency, as he was not supposed to be sworn in until May 7.

He was a guest of the then Prime Minister Tony Blair, had a reception with the Queen, and a dinner with leading UK industrialists.

The choice of the destination for the first official meeting with the West, while still without the official "stamp", was a clear message that Putin was in a hurry to introduce his country to all significant international economic and political factors.

He showed a clear plan to globalise Russia because, in the decade after the collapse of the Soviet Union, it remained stuck in the struggle with the internal "demons" of violence and predatory privatisation, falling further and further behind.

Twenty-three years later, from the podium on Red Square last Tuesday, he accused the "Western globalist elites" of being Russia's biggest opponent, and the main culprit for its troubles.

Lonely, isolated, in the company of only a few foreign leaders from the former USSR countries, Putin completed his journey from globalisation enthusiast to its bitter opponent at the never-more-modest parade on May 9, Victory Day.

## Globalisation's biggest winner

During his reign, Russia was one of the biggest beneficiaries of globalisation.

Russia under the early Putin quickly embraced the globalisation flows, and successfully integrated into international trade and political processes.

Western Europe became its largest trading partner, accounting for 40-50% of international trade. Trade with China, which was also experiencing a globalisation boom, increased as much as 20 times in just one decade.

In 2012, Russia joined the World Trade Organisation as the crown of its accelerated effort to integrate into the international economy. Russians started suddenly and extensively travelling abroad, reaching approximately 100 million international trips a year.

According to the KOF Globalisation Index, Russia became a highly globalised country in the last years before the invasion of Ukraine. It was placed in the first quarter on the list of about 200 countries, at around 50th place.

Growth from 1999 to 2008 was stable and rapid: 6.5% per year on average, which led to a quick and very noticeable increase in the population standard. People easily embraced life in an open country after the Soviet isolation that they remembered well.

## Globalisation as a tool for self-destruction

The economic and social rise created a feeling of sufficient power among Putin and his

entourage to move in the opposite direction, towards the realisation of pre-globalisation ideas about Russia's territorial expansion, even at the cost of war and isolation.

The rapid and uncompromising globalisation enabled Putin and his close circle of oligarchs to multiply and internationalise their wealth.

Investing money and capital in Western banks and companies allowed them to exert destructive political influence throughout the West, corrupting politicians and businessmen to work for Russian interests.

All indicators of Russia's involvement in globalisation trends started to decrease in 2014, when, by annexing Crimea, it began to implement imperial plans of "historical" Russia.

Growth dropped to about half a percent per year (2014-2020), the standard of living by 10%, and trade with the largest European partners was drastically reduced due to the sanctions that were then introduced following the annexation of Crimea.

Many Russian oligarchs suffered from the international sanctions, their businesses declined, and their personal assets in the West were frozen.

In 2014, Putin's Russia was expelled from the G8, where it spent seven years as a stimulus to be included in the society of the world's most economically developed countries through globalisation.

## The attack on Ukraine - the end of Russia's globalisation

With the aggression against Ukraine, Russia

has put an end to its short, though very successful flirt with globalisation.

The country has been under the heaviest international sanctions regime for more than a year, and more than 1000 Western companies, whose income is equivalent to 45% of Russia's GDP, have withdrawn from it.

The international trade of its main export assets - oil, gas, coal, and metal - is usually carried out illegally, far below the price on the international market, without international insurance for its transport, and under the constant risk of running out of customers.

At the same time, Russia has been excluded from the main international political scene, and even from some basic organisations, such as the UN Human Rights Council or the Council of Europe.

Russian citizens cannot travel abroad, or do so with significant obstacles and costs because international air traffic to their most frequent destinations in Europe and the US has been suspended.

If Putin stays in power another 10 or 15 years, "I think by that time Russia will be more isolated from the global economy than it was in the time of the Soviet Union", said Sergey Aleksashenko, a top official in Russia's Finance Ministry and central bank in the 1990s.

The country that reached the highest levels of development and international affirmation because it accepted the openness of modern globalisation paradoxically used that period to turn into its opposite.

It even managed to deglobalise the celebration of Victory Day in World War II, one of the few recognisable Russian global brands.

More than 50 world leaders attended the parade on Red Square on the occasion of 60 years since the victory in 2005, including US President George W. Bush, French President Jacques Chirac, the Prime Ministers of Japan, Italy, India, and the German Chancellor.

Last Tuesday, an equally isolated Alexander Lukashenko and several leaders of Central Asian countries stood on the observation platform alongside an angry Putin.