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**SPECIALIZATION OF RUSSIA IN INTERNATIONAL TRADE:  
DEVELOPMENT IN THE CHANGING INTERNATIONAL  
ENVIRONMENT**

**Abstract:**

International economic relations are important for the countries' economic growth, especially in the modern world of global value chains and rapid technological development. Russia is known for its comparative advantage in natural resources and for its intentions to diversify the economy. Indeed, specialization in natural resources is not associated with sustainable economic growth. We analyze Russia's specialization in trade over the period 2009-2018 including the year 2014 when economic and financial sanctions were introduced. We follow the dynamics of Russia's comparative advantages in different categories of goods in trade with all world countries, BRICS countries and Eurasian Economic Union over these years. Our aim is to shed more light on the current specialization of Russia in order to understand the possibilities of diversifying the economy. We analyze short term consequences of difficulties in international relations that Russia faces, and provide an insight into the long run development of trade. We conclude that Russia currently has a prevailing comparative advantage in material-intensive industries and needs to develop innovations in order to diversify its economy and obtain a comparative advantage in the other categories of goods, including high-tech sector. The results can be useful for development of economic policy.

**Keywords:**

Comparative advantage, Balassa index, Lafay index, specialization, international trade, export, Russian regions

**JEL Classification:** F14, F50, F43