

Trade Body Warns Russia Sanctions May Hurt German Engineering Sector

By [The Moscow Times](#)

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HANOVER, Germany — The German engineering sector could be derailed if the European Union imposed strict sanctions against Russia following the latter's annexation of the Crimea region of Ukraine, trade body VDMA said.

The EU, United States and other Western nations have imposed sanctions in response to Russia's seizure of Crimea and have threatened broader economic penalties if it moves into southern and eastern Ukraine, which some German executives have warned would hurt their businesses.

"It is absolutely clear that there has been a blatant breach of international law... It is also clear that it is necessary to draw the line," VDMA president Reinhold Festge said at the Hannover Messe trade fair on Monday.

"But you have to know what you are doing when you continue to escalate, yelling

and screaming," he said.

Russia is Germany's 11th biggest commercial partner, with trade reaching 76.5 billion euros (\$105 billion) last year, according to the trade association Ost-Ausschuss.

Joe Kaeser, head of German conglomerate Siemens, met Russian President Vladimir Putin in Moscow last month to secure his firm's interests, drawing criticism from some German politicians.

"This concerns the engineering sector's fourth-biggest market, and there is no other country that has invested in Russia as massively as Germany," Festge said.

The VDMA represents more than 3,000 mainly small and medium-sized companies but also large companies such as Siemens, MAN SE and ThyssenKrupp. The sector is Germany's largest industrial employer, with 993,000 workers.

The VDMA expects engineering output to grow by 3 percent this year, recovering from a 1.5 percent decline in 2013.

Output rose by 5.6 percent in January, VDMA has said, but capacity utilization was relatively low at 84.4 percent. Orders — an indicator for future output and sales — rose 6 percent in January but then slipped 4 percent in February.

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