

Ukraine Crisis Hampers German Carmaker's Russia Growth

By [The Moscow Times](#)

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FRANKFURT, Germany — Daimler has seen its booming growth in the Russian auto market weaken due to the Ukraine crisis, chief executive Dieter Zetsche said in the summary of an interview due to appear on Sunday in Germany's Bild am Sonntag newspaper.

The European Union earlier this week agreed economic sanctions against Russia targeting its banking, defense and oil sectors over Moscow's support for pro-Russian separatist rebels in eastern Ukraine.

Germany, the EU's largest economy, has extensive trade ties with Russia but Chancellor Angela Merkel became a firm advocate of the tougher measures against Moscow after the downing of an airliner and the death of all 298 people on board last month in an area of eastern Ukraine controlled by separatists.

"The Russian economy was already in a difficult phase before the crisis and now it has been

further impaired," Zetsche was quoted as saying.

"That has an effect on the Russian passenger vehicle market and also on Daimler. In the first half-year we made an increase of 20 percent in the Russian business and now the momentum is headed downward," he said.

The International Monetary Fund sees Russia's economy growing by a meager 0.2 percent this year and has warned that Western sanctions could have a "chilling effect" on investment in the country, pushing it into economic isolation.

Daimler produced a forecast-beating 12 percent profit increase in the second quarter as its new Mercedes C-Class and E-Class cars helped to lift profit margins.

Zetsche said the EU's diplomatic efforts in Ukraine, including the sanctions, deserved support, even if they burden the economy.

"The primacy of politics is very clear and the economy needs to orient itself to conditions set by the government, regardless of the direct consequences."

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[Germany's Daimler Backs Out of KamAZ Stake Increase](#)

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