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Value of German Exports to Russia Tumbles

By The Moscow Times

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BERLIN — German exports to Russia plunged in the first half of this year, led by a sharp fall in car and machinery shipments amid an escalating standoff between the West and Moscow over Ukraine.

The value of German shipments to Russia fell 15.5 percent to 15.3 billion euros ($20 billion) in the first six months of the year, data from the Statistics Office showed. That was a sharper drop than in the first quarter of the year, when exports to Russia dropped by 13 percent.

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Exports of cars and car parts make up around a fifth of German exports to Russia and the

industry could get a further battering in the coming months if, as a media reports suggest, Russia tightens retaliatory sanctions against Western nations to include a ban on car imports.

The Russian car market was long considered a source of expansion for European car makers faced with a lack of growth in their domestic markets. Volkswagen chief executive Martin Winterkorn previously called Russia the strategic "growth market No. 1 in Europe."

After Moscow annexed Ukraine's Crimean Peninsula, Western nations targeted President Vladimir Putin's closest allies and businessmen with sanctions before later expanding them to include the energy, banking and defense sectors. Russia has reacted with restrictions on imports of Western products.

In the first half of 2014, Germany sent Russia less electrical equipment, data processing machines, metal products, pharmaceutical goods, rubber and plastic, paper, textiles, leather and clothing.

Exports of food and fodder, which account for just under 3 percent of German exports to Russia, fell by 31.9 percent even before the impact of the Moscow's ban on most food from the West — announced in early August — could be felt.

Germany, Europe's biggest economy, sold about 36 billion euros of goods to Russia last year, almost a third of the European Union's total.

While Russian exports made up just 3.3 percent of total German exports last year, one business group has warned that the decline in trade with Russia endangers some 25,000 jobs in Germany.

A slew of German companies including optical systems maker Jenoptik, defense firm Rheinmetall and generic drugmaker Stada have complained about the Russia crisis hitting business in recent weeks.

German imports from Russia climbed by 2.1 percent to around 20.3 billion euros in the first half of the year, driven by an increase in German purchases of coke and refined petroleum products.

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