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German Exports to Russia Slump 26% in August Over Sanctions

By The Moscow Times

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German exports to Russia fell by more than 26 percent on the year in August over sanctions.

BERLIN — German exports to Russia fell by more than 26 percent on the year in August, the sharpest fall since the financial crisis in 2009, according to data released on Wednesday that underlined the impact of Russia sanctions on Europe's biggest economy.

Exports to Russia in August were worth 2.3 billion euros ($2.93 billion), a 26.3 percent drop against the same month a year earlier, Germany's Statistics Office said. For the January-August period, exports fell 16.6 percent to 20.3 billion euros.

Germany is Russia's biggest trading partner in the European Union, but its exports to Russia already shrank 5.2 percent in 2013, after high growth rates from 2010-12.

Some 6,200 German firms are active in Russia, which helps explain why Berlin was initially reluctant to impose sanctions on Moscow for its annexation of the Ukrainian peninsula of

Crimea in March. Germany is now firmly behind EU sanctions.

"The sanctions against Russia are having a stronger impact on our economy than any other economy in Europe," German Finance Minister Wolfgang Schaeuble told the Bild newspaper in an interview.

But although Germany was vulnerable to global political risks including the Ebola epidemic in West Africa and the Islamic State insurgency in Iraq and Syria, "I don't think the decline in forecasts mean we are talking about a crisis," he said.

Declining exports, industry orders and output have prompted cuts in growth forecasts for the German economy for this year and next, while business and investor morale have slumped. Berlin now expects gross domestic product to expand by 1.2 percent this year, against an original forecast of 1.8 percent.

Sanctions against Russia have helped push the Russian economy to the verge of recession. Russia has also implemented retaliatory sanctions against the European Union.

The German Statistics Office said that in the first eight months of the year, machinery made up 22.6 percent of total shipments to Russia, followed by cars and car parts with 19 percent and chemical products with 10 percent.

The sharpest drop in exports for January-August was for cars, which were down 27.3 percent, followed by machinery, which dropped 17.2 percent, and chemicals, down 5.9 percent.

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