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Finnish Exports to Russia Plunge as Demand for Capital Goods Shrinks

By The Moscow Times

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HELSINKI — Finland's exports to Russia fell by 35 percent in the first five months of the year, due to poor demand for capital goods as well as the weak ruble, Finnish customs said on Tuesday.

Demand for machinery and equipment, Finland's main exports to Russia, has declined significantly as Russian companies are squeezed by Western sanctions, the customs office said.

Exports of machines, equipment and transport goods fell 38 percent, and the drop was even sharper in food, where exports plummeted 78 percent following the Kremlin's ban of most Western food imports.

The value of Finnish exports to Russia totaled slightly more than 1.2 billion euros, while Russian exports to Finland declined 37 percent to 2.5 billion euros, mostly reflecting a drop in the price of oil.

Mirja Tiri, chief executive of the Finnish-Russian Chamber of Commerce, was doubtful the situation would improve soon. "With Iran entering the market again, the price of oil is unlikely to rise and thereby strengthen the ruble," she said.

The slowdown in Russia has exacerbated problems in the Finnish economy, which is expected to shrink for a fourth consecutive year in 2015, reflecting a decline in key sectors such as paper manufacturing and at major companies such as Nokia, whose former phone business is being downsized under the ownership of Microsoft.

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