The Impact of Sanctions on Russian Industry

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List of Sanctioners

- United States
- United Kingdom
- European Union
- Australia
- Canada
- Norway
- Japan
- Ukraine
- Some other countries
- Some international organizations
Types of Sanctions imposed on Russia

- Personal sanctions
- Restriction on international cooperation
- Anti-Crimean sanctions (imposed both on people and companies)
- Restriction on financing the largest Russian banks and companies from sanctioner’s banks
- Restriction on export and import of weaponry and dual purpose goods
- Restriction on export of investment goods for some energy projects
Embargo on import of some kinds of food from countries that have imposed sanctions on Russia

The embargo was imposed on food from United States, United Kingdom, European Union, Australia, Canada and Norway
Imposed sanctions have provoked crucial deterioration of relations between Russia and Western countries.

Thus, they could be the reason of shrinkage of economic collaboration not only in sectors touched by sanctions, but in other sectors.
Russian Industry: manufacturing

Production growth rate, y/y - right scale
Trend of production 2012 = 100
Russian Industry by Economic Activities

Production index in 2015, % to 2014

- Mining and quarrying: -20.6
- Food products: 2.0
- Textiles: 0.3
- Leather and related products: -11.7
- Wood and products of wood: -11.4
- Paper, printing and reproduction: -3.4
- Coke and refined petroleum products: -6.3
- Chemical products: -3.7
- Rubber and plastic: -7.8
- Other non-metallic mineral products: -6.5
- Metals and fabricated metal products: -11.1
- Machinery and equipment: -7.9
- Electrical equipment: 3.1
- Motor vehicles: 6.3
- Other transport equipment: 0.3
Why Has Ruble’s Devaluation Happened?

- Panic due to economic and political tensions
- Oil Price’s Drop
- Restriction on access to Western financial markets

Ruble’s devaluation
Consequences of rubble’s devaluation

- Higher import prices for investment goods
- Ruble’s devaluation
- Higher consumers’ inflation
- Decline of personal real income
- Decline of demand for consumer goods
- Investment slump
- Dependence of Russia on machinery import
- Dependence of Russia on machinery import
Personal real income

Growth Rate, y/y - right scale  Trend, 2009 = 100
Volume of fixed capital formation in 2015, % to 2014
Russian export and import of investment goods (in BEC classification), $ mln.
Russian export and import of investment goods – constant prices (in BEC classification)
Import deflators, % to previous year
## Import of food to Russia in 2013

<table>
<thead>
<tr>
<th></th>
<th>$ billion</th>
<th>%</th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From all countries</td>
<td>From EU, UK, US, Australia, Canada and Norway</td>
<td>From EU and UK</td>
<td>From all countries</td>
<td>From EU, UK, US, Australia, Canada and Norway</td>
<td>From EU and UK</td>
</tr>
<tr>
<td>Food - total</td>
<td>43.2</td>
<td>18.9</td>
<td>15.2</td>
<td>100</td>
<td>43.7</td>
<td>35.2</td>
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<tr>
<td>Food under Russian embargo</td>
<td>22.5</td>
<td>8.6</td>
<td>6.2</td>
<td>100</td>
<td>38.0</td>
<td>27.4</td>
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<tr>
<td>Meat</td>
<td>5.9</td>
<td>2.3</td>
<td>1.5</td>
<td>100</td>
<td>38.9</td>
<td>26.4</td>
</tr>
<tr>
<td>Fish</td>
<td>2.9</td>
<td>1.6</td>
<td>0.2</td>
<td>100</td>
<td>54.3</td>
<td>7.5</td>
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<tr>
<td>Dairy</td>
<td>4.2</td>
<td>1.8</td>
<td>1.7</td>
<td>100</td>
<td>42.8</td>
<td>41.7</td>
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<tr>
<td>Vegetables</td>
<td>2.9</td>
<td>0.9</td>
<td>0.9</td>
<td>100</td>
<td>32.8</td>
<td>32.5</td>
</tr>
<tr>
<td>Fruits and nuts</td>
<td>6.4</td>
<td>1.8</td>
<td>1.5</td>
<td>100</td>
<td>27.5</td>
<td>23.7</td>
</tr>
<tr>
<td>Other food</td>
<td>0.4</td>
<td>0.2</td>
<td>0.2</td>
<td>100</td>
<td>65.0</td>
<td>60.8</td>
</tr>
</tbody>
</table>
Conclusions

• Sanctions imposed on Russia have limited direct influence on Russian economy
• Ongoing Russian economic crisis was mainly triggered by devaluation of ruble
• Nevertheless, the devaluation was partly caused by sanctions (by both direct and indirect their effects)
• Russian food embargo have scarce impact on sanctioners’ economies
THANK YOU FOR ATTENTION!