

Sanctions Could Destroy Russian Economy, German Exporters Warn

By [The Moscow Times](#)

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A trade conflict between Russia and Europe over Ukraine would hurt German business but it would be life-threatening for the Russian economy, Germany's main trade body said on Wednesday, making its forecasts conditional on the crisis in Crimea.

"All in all, we are optimistic about foreign business with large parts of the world. Unfortunately, that is not true for business with Russia," said Anton Boerner, president of the BGA exporters' lobby.

"A trade conflict would be painful for the German economy, but for the Russian economy it would be life-threatening."

Europe's trade volume with Russia accounts for about 1 percent of European Union gross domestic product and 15 percent of Russian GDP, BGA said.

The trade association expects German exports to grow by 3 percent this year and imports to expand by 2 percent.

"But these forecasts could very quickly become waste paper if the crisis in Crimea escalates further," Boerner said.

Since the fall of Ukraine's president following protests led by pro-Western reformers, Russian forces have consolidated their hold on Ukraine's Crimea peninsula ahead of a Russian-backed referendum on the region's future on Sunday.

The new government in Kiev and its Western backers have denounced the planned vote as illegal.

U.S. lawmakers are preparing sanctions against Russia and EU leaders could impose penalties, such as visa bans for key officials, as early as Monday. On Tuesday, Germany's foreign minister said the EU would start preparing further responses to Russia's actions in Ukraine if Moscow does not show signs of backing down by the weekend.

The German public and business have little appetite for sanctions on Russia in the most serious East-West confrontation since the end of the Cold War. Chancellor Angela Merkel has played a prominent role in the quest for a diplomatic solution, giving her coalition a boost in a new poll.

Russia is Germany's 11th-biggest trade partner, with some 6,200 German companies active there and bilateral trade worth more than 76 billion euros, the BGA said.

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