

Peter Felsbach:
The Cost of Sanctions Against Russia

The crisis in Ukraine is a particularly good example of the dilemma that can exist between political and economic interests. The European Union while not exactly speaking with one voice has nevertheless agreed to sanctions in order to put pressure on Moscow. It has done this because of its own sense of identity as an institution committed to peace, international law and human rights. Yet these sanctions have economic consequences for all of us.



The opinions about the sanctions are divided, in Europe and also in Austria. Austria's economy is already feeling the impact of the sanctions. Russia is the tenth largest export country, with a total export volume of 5.7 billion euros. To date, the damage of the sanctions amounts to 775 million euros. This represents 11,000 jobs. 55,000 further jobs could be lost if sanctions continue.

The negative impact of the trade embargo comes at a difficult moment. Over the past months, the economy has cooled down notably. And there is a lack of orders. In the EU, companies and employees are paying the price for standing up to Russia, with Moscow shifting orders to non-European companies instead of Europeans.

Still, from a political point of view, economic sanctions are seen as a measure of ending the crisis. That's something we have to accept. The only way of solving this dilemma between politics and economics is to intensively pursue all diplomatic avenues. Only direct negotiations between Kiev and Moscow can restore peace, if a solution can be found which saves face on both sides.