

Russian billionaire warns of economic collapse caused by Russia's isolation



Russia is critically dependent on exports and imports, and economic isolation will be a “disaster”, said the chairman of the board of directors of the Russian conglomerate Severstal, the 4th richest man of Russia, Alexei Mordashov during Gaidar Forum.

“We are a country that is very dependent on exports and imports. If it stops tomorrow, the national economy will shrink twofold. We will simply physically stop, just because almost half of the budget depends on oil and gas export revenues,” Mordashov said when asked by the session moderator whether Russia needed foreign economic activity.

According to Mordashov, whose fortune, according to Forbes, is worth \$16.8 billion dollars, at least 50% of Russian GDP is in one way or another related to foreign trade.

“Such industries as energy, oil and gas, metallurgy, and in many respects machine building, will simply stop if we no longer have the opportunity to export,” he warned.

The same goes for imports: Russian consumers are used to foreign goods, and no longer imagine life without Coca Cola or foreign cars. “That’s why all the talk about the economic self-sufficiency, about the isolation of the country - they are very artificial, it is next to impossible. Any economic self-sufficiency will turn into a complete economic disaster for us,” Mordashov warned.

In 2019, Russia gained \$419.8 billion in exports. Three commodities - oil, petroleum products, and gas (including liquefied gas) accounted for 67% of this amount.

60% of foreign currency earnings, almost \$254 billion, were used to pay for imports. Most of the imports consisted of foreign “machinery and equipment.”

In the first nine months of 2020, Russia’s export revenues fell by 24%, to \$234.9 billion. Imports shrank by 7% to \$170 billion.

Mordashov, Russia

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