
CROATIA SHRUGS OFF SLUMP IN TRADE WITH RUSSIA

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Croatia-Russia economic forum in Moscow in February 2015. Photo: Croatian Ministry of Economy

Recent political tensions between Croatia and Russia are not the only factors behind the steady decline in the value of trade between Russia and Croatia, experts say.

Economic analyst Damir Novotny told BIRN that falling trade levels, mostly caused by a fall in imports from Russia, are not a dramatic issue for Croatia.

Raw materials dominate this trade between us, but can be found easily in other markets, he said.

He explained that some Croatian exporters to Russia from the food sector had found new ways to export goods through Serbia.

When Russian slapped sanctions on food products from the EU in 2014, as response to EU and US sanctions imposed on Russia over the Ukraine crisis, some Croatian food companies started re-packaging products destined for Russia in Serbia.

As Serbia is not an EU state and is not included in Russias sanctions, they were able to by-pass the sanctions regime that way.

Russia isnt the most important Croatian foreign trade partner. The most important are three EU states: Italy, Austria and Germany. Neighbouring countries in Southeastern Europe, Serbia and Bosnia and Herzegovina, are also important, Novotny concluded.

According to Croatias Bureau of Statistics, Croatian export to Russia in the first eight months this year were worth 106 million euros, 2.1 per cent lower than in the same period last year.

In the same period, Croatia imported 155 million euros worth of goods from Russia, which was a striking 54.9 per cent less.

Over the whole of 2015, Croatia exported 195 million euros worth of goods to Russia, which was 29.5 per cent less than in 2014 – partly a result of Russias sanctions.

Croatia mainly exports pharmaceutical products to Russia, but also food and technical equipment.

Goods imported from Russia fell in 2015 by 49.7 per cent in comparison to the figures for 2014.

Nevertheless, experts note that the falling cost of imports from Russia is mostly a result of falling global prices for oil and gas - encompassing much of Croatias imports from Russia, besides stone

coal and fertilisers.

The Croatian Chamber of Economy, HGK, told BIRN that falls in imports from Russia were also caused by the economic crisis in Russia in 2014 and by the falling exchange rates of Russian ruble in comparison to the euro or the Croatian currency, the kuna,

Croatia-Russia relations came under the spotlight again on Monday, after Anvar Azimov, the Russian ambassador to Croatia, expressed dissatisfaction with both deteriorating political relations and falling trade levels on regional N1 TV.

It is no secret that trade in goods with Croatia has decreased nearly 50 per cent. This is a disaster. Croatian exporters and farmers are those who suffer above all, he said.

The Croatia-Russia economic forum should have been held in November this year. But Russian entrepreneurs are very patriotic. They don't agree with the [Western] regime of sanctions. They don't agree that Croatia supports these sanctions. That is why Russian entrepreneurs weren't interested in coming to Croatia, Azimov said.

The last Croatia-Russia economic forum was organised in Moscow in February 2015, when the former centre-left government was in power in Croatia.

But the Forum, used for bagging deals between Croatian and Russian companies, clashed with EU sanctions on Russia and caused dissatisfaction in the US.

In his interview for N1, Azimov also mentioned last week's hostile comments by Croatian Prime Minister Andrej Plenkovic on Russia's annexation of the Crimea peninsula and on its role in the conflict in Ukraine, which has caused dissatisfaction in Moscow.

HGK president Luka Burilovic said on Monday that the Forum was cancelled in October by the Russian Trade-Industry Chamber because of a lack of interest among Russian entrepreneurs.

We want to stress that this economic event has nothing to do with political events * We are unpleasantly surprised that this economic event is being put into a political context, Burilovic concluded, adding that the Forum will be organised eventually.

- See more at: <http://www.balkaninsight.com/en/article/croatia-russia-trade-unaaffected-by-political-disputes-11-30-2016#sthash.2vAxI53L.dpuf>

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