

ICEUR Business Seminar 11.11. 2014

*Summary of presentations given by panelists*

In his analysis of the origins of the Ukrainian conflict, ICEUR co-president *Hannes Swoboda* identified the deficiencies of the EU approach, while underlining at the same time that Russia's conduct in the Crimean issue as well as in Eastern Ukraine had changed the standard rules of international interaction. Nevertheless, he came out strongly for a continued dialogue as the only alternative for a settlement of the conflict.

*Sergey Afontsev*, Professor at the Dpt. for Economic Theory of the Moscow Institute for World Economy and International Relations, drew the attention to the fact that Russian economic decline had begun prior to the enactment of the sanctions. According to him, the sanctions will exacerbate the gloomy economic situation somewhat, although their political effect is increased solidarity among elites and rank-and-file citizens with the leadership's policies and growing incomprehension about Brussel's political goals.

*Vladislav Inozemtsev*, Director of the Center for Post-Industrial Studies, professor at the prestigious Moscow Higher School of Economics and prominent critic of the current Russian political setup, held that the sanctions were necessary, legitimate and effective. He expects no less than a collapse of the Russian economy already during the coming year, which in his view, will trigger an adequate political response by the population.

*Pavel Trunin*, chief macro-economist at the Gaidar Institute, gave a crisp and detailed overview over the quantifiable impact of sanctions in various sectors of the economy. He also highlighted the fact that as the Ukrainian crisis lingers on, business as usual continues between Russian and Ukrainian companies at least to a certain extent.

*Natalia Akindinova*, Head of the Development Center at the Moscow Higher School of Economics, predicted a stagnation of the Russian economy already for the first quarter of 2015. Refinancing has become a key problem for both banks and companies. In her view, plummeting oil prices will reach a critical threshold at \$ 80/barrel. She expects that social benefits will be slashed and supported the view that sanctions only added negative effects of the underlying economic recession.

*Natalia Zubarevitch*, professor at Moscow University and renowned economic geographer, stated that it is impossible to quantify the impact of sanctions. She insisted, however, that the economic consequences will be different in the various regions and branches of the Russian economy. She does not expect a catastrophic downturn, but zero growth and a freeze of investments. Still, she assumes that the government will be able to maintain stability through budgetary transfers.

The workshop was attended by representatives of business community and relevant institutions, the Austrian Foreign Office, as well as representatives of the diplomatic corps.

We would like to express our gratitude to our member organization, the Federation of Austrian industries for providing the necessary infrastructure for the seminar.