

Russian war against Ukraine impacting the Swiss economy more strongly than the sanctions

18.03.2022

At a glance

The sanctions imposed on Russia by Western nations are apparently also impacting Swiss companies. However, the indirect impacts of the conflict, especially those in the form of price increases and supply shortages, are greater. As a detailed evaluation of our latest survey shows, this applies to all sectors with the exception of banking.

A survey recently published by *economiesuisse* shows that the conflict in Ukraine is having a comprehensive impact on Switzerland's businesses. This has been confirmed by every second responding company. The problems associated with the procurement of raw materials and the resulting upheavals on the energy markets are a major factor. But the sanctions imposed by Western nations are also causing problems for Swiss companies: approximately one in four of the companies participating in the survey stated that they are feeling the effects of the sanctions. This means that the number of companies being affected by the sanctions is roughly half that of those impacted directly by the war. Although they represent a burden for these companies, most of them nonetheless support the sanctions.

A detailed evaluation of the survey conducted by *economiesuisse* shows that the impacts of the sanctions and those directly attributable to the conflict vary considerably from sector to sector:

```
!function(){"use
strict";window.addEventListener("message",(function(e){if(void
0!==e.data["datawrapper-height"]){var
```

```
t=document.querySelectorAll("iframe");for(var a in  
e.data["datawrapper-height"])for(var r=0;r
```

- It is banks and wealth managers that are being hardest hit by the sanctions. Roughly every second responding financial institution now has to react to the blocking of financial assets and the exclusion of five Russian banks from the SWIFT system. But many financial consulting companies also state that they are being affected by the sanctions.
- The direct impacts of the conflict are hitting the export industry the hardest: this applies especially to the chemicals, electricity and metals industries, as well as to wholesalers. Between 30 and 40 percent of the companies in these sectors also report that the sanctions are strongly impacting them. On the one hand, some of these companies operate businesses in Russia or Belarus, or procure raw materials from those countries. In many cases, production there has been halted. And on the other hand, export bans are in place. These often also indirectly affect many Swiss companies that act as suppliers for European manufacturers.
- Those sectors that are affected by the sanctions to a lesser extent (textiles, construction and foodstuffs) report that they are being hard hit by the direct impacts of the conflict. Here, supply shortages and price increases of materials and commodities (timber, oil, energy sources) are hampering production.
- In the transport industry, the fact that many heavy goods vehicle drivers in Europe come from Russia, Belarus or Ukraine is also causing problems. Although no sanctions apply to these drivers, it is uncertain whether they can still cross the borders. The aviation sector is being additionally burdened by closures of airspace, both in the West and in Russia.
- The tourism industry is feeling the effects of the suspension of the visa agreement with Russia – if not always directly. Russian visitors are refraining from travelling to Switzerland, partly out of fear of possible repressions. And some tourism providers also report that many American and Asian tourists are avoiding Europe because of the war.
- The pharmaceuticals industry is also reporting negative consequences, even though medicaments are expressly excluded from the sanctions. Due to the difficulties relating to international payment transactions, supplying medicaments to hospitals (for example in Donbass) has become difficult or virtually impossible.

Although the sanctions are burdening Switzerland's export industry and its financial services sector, overall the problems are remaining within reasonable bounds. It is the upheavals caused by the conflict that represent the real challenge. Given the brutality of the war, there is a great deal of uncertainty concerning the next moves Russia might make. As long as there is no prospect of a peaceful solution, the supply shortages and sharp increases in the prices of energy, raw materials and processed products will persist.

The findings are based on the survey conducted by [economiesuisse](#) from 2 to 10 March 2022. The responses were not individually weighted and the results do not claim to be representative. For further information about the survey, please click [here](#).



Rudolf Minsch

Head of General Economic Policy & International Relations, Chief Economist, Member of the Executive board