

Sanctions disrupt

Russia's economy will suffer badly from the sanctions now imposed. Many companies are pulling out of their businesses in Russia, stopping trade with Russia and looking elsewhere for supplies. The ruble has collapsed making imports so much dearer. Russia cannot access a lot of foreign exchange.

These sanctions also impose costs on us. Wild price movements in energy have just made the cost of living problems that much bigger. the war will disrupt the grain trade and is propelling some food prices up. Russia is likely to look to China to work round the banking sanctions and to find new markets for its energy and other commodities. the much higher prices in world markets will increase Russian revenues and will be paid in hard currency by those who want the oil and gas.

The government needs to adjust its tax policies for these new developments. There is an even more compelling need to ease the squeeze.