

Occupied Crimea Receiving One-Fifth of All Moscow Allocations to Russian Regions

Opinion

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Putin's dreams of a great new empire centered on Crimea is already costing the Russian state budget over a hundred billion rubles a year with figures almost certain to keep growing indefinitely.

By Paul Goble for "Window on Eurasia": February 4 – Moscow's occupation of Crimea is currently costing it approximately 2.3 billion US dollars a year, a figure that will only grow, according to a new analysis, and that means the occupied region is now receiving 20 percent of the funds Moscow is sending to all Russian regions. If the Anschluss had never occurred or if it were to be reversed, that in turn means that every Russian region could have its subsidies from the center boosted by 20 percent, something that the increasingly hard-pressed regions and republics of the Russian Federation could certainly put to good use. Last year, Aleksandr Alikin of Eurasianet points out, the regions of the Russian Federation, including occupied Crimea and Sevastopol, received 612.8 billion rubles (11 billion US dollars). Of that, the occupied Ukrainian territories received "at a minimum, every fifth ruble (or 21 percent) of this sum" (russian.eurasianet.org/node/65139). That is just one way to measure the direct costs of the Crimean Anschluss. The real costs including indirect losses mean that Vladimir Putin's action is costing between ten billion and 50 billion US dollars a year, Alikin says; a figure that "will only grow" with Crimea long remaining "one of the most subsidized" places with little potential to earn its own way. (The enormous indirect costs reflect the impact of Western sanctions and Moscow's counter-sanctions and will continue at the higher end as long as the sanctions are in place, something the United States has pledged to do until Moscow returns the Ukrainian peninsula to Kyiv.) Last year, these subsidies amounted to more than 60 or 70 percent of the budget of Crimea and Sevastopol; but by 2020, they are projected to grow to 79 percent for the republic and 65 percent for Sevastopol, figures that mean the burden of Crimea will grow rather than decline.

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The commentary above is from Paul Goble's "Window on Eurasia" series and appears here with the author's permission. Contact Goble at: paul.goble@gmail.com