

SANCS A LOT

Welcome to sanction-hit Russia, where prices are DOWN as Brits suffer from soaring inflation

by Will Stewart in Moscow, 3 Sep 2022, [LINK](#)

WELCOME to sanctions-hit Russia – where heating bills and fuel prices are a fraction of those in Britain.

Food costs are also coming down every month and Vladimir Putin's people are partying as if there is no war.

After Russia invaded Ukraine in February, Boris Johnson vowed that Western sanctions would "hobble the Russian economy".

In March, Liz Truss as Foreign Secretary announced 65 sanctions and fiercely declared: "Putin should be under no illusions. We are united with our allies and will keep tightening the screw on the Russian economy to help ensure he fails in Ukraine. There will be no let-up."

But six months on, while we are paying the price for the invasion with a crippling cost-of-living crisis, locals in Moscow are upbeat.

It is not surprising. Despite claims they would face a severe food shortage, shoppers in Pyaterochka, Russia's answer to Tesco, load their trolleys high with groceries half the price of ours.

In August the price of food in the UK rose at its fastest rate since the economic crash in 2008, jumping to 10.5 per cent compared to the year before.

In July, food inflation had accelerated to 9.3 per cent as the war in Ukraine and consequent rise in the price of animal feed, fertiliser, wheat and vegetable oils placed mounting pressure on prices.

But it is a very different picture in Moscow where, since the start of the year, the price of food has dropped 11.3 per cent.

CASH-RICH COUNTRY

Explaining how Russia had managed to buck the trend, strategy specialist Professor Michael Clarke said: "Their government has the cash right now to subsidise food, and as long as they have oil and energy money, they can keep subsidising."

"But what the price of energy will be next year is anybody's guess. It will get a lot harder for them from next year onwards."

"At some point I believe their economy will be in very bad shape, either next year or the year after."

"But that depends on the price of energy."

"The rouble is doing OK because they are making people only buy and sell using the rouble. That will keep the currency strong for a while."

But the visiting professor at the University of Exeter warned of pain to come, adding: "Sanctions were always a long-term policy."

"Russia is a cash-rich country because of energy prices and that will be the case probably until this time next year."

"But the sanctions are affecting the underlying economy of Russia in a fairly fundamental way so, although people in Moscow and St Petersburg have not noticed it yet, the underlying economy is in a mess."

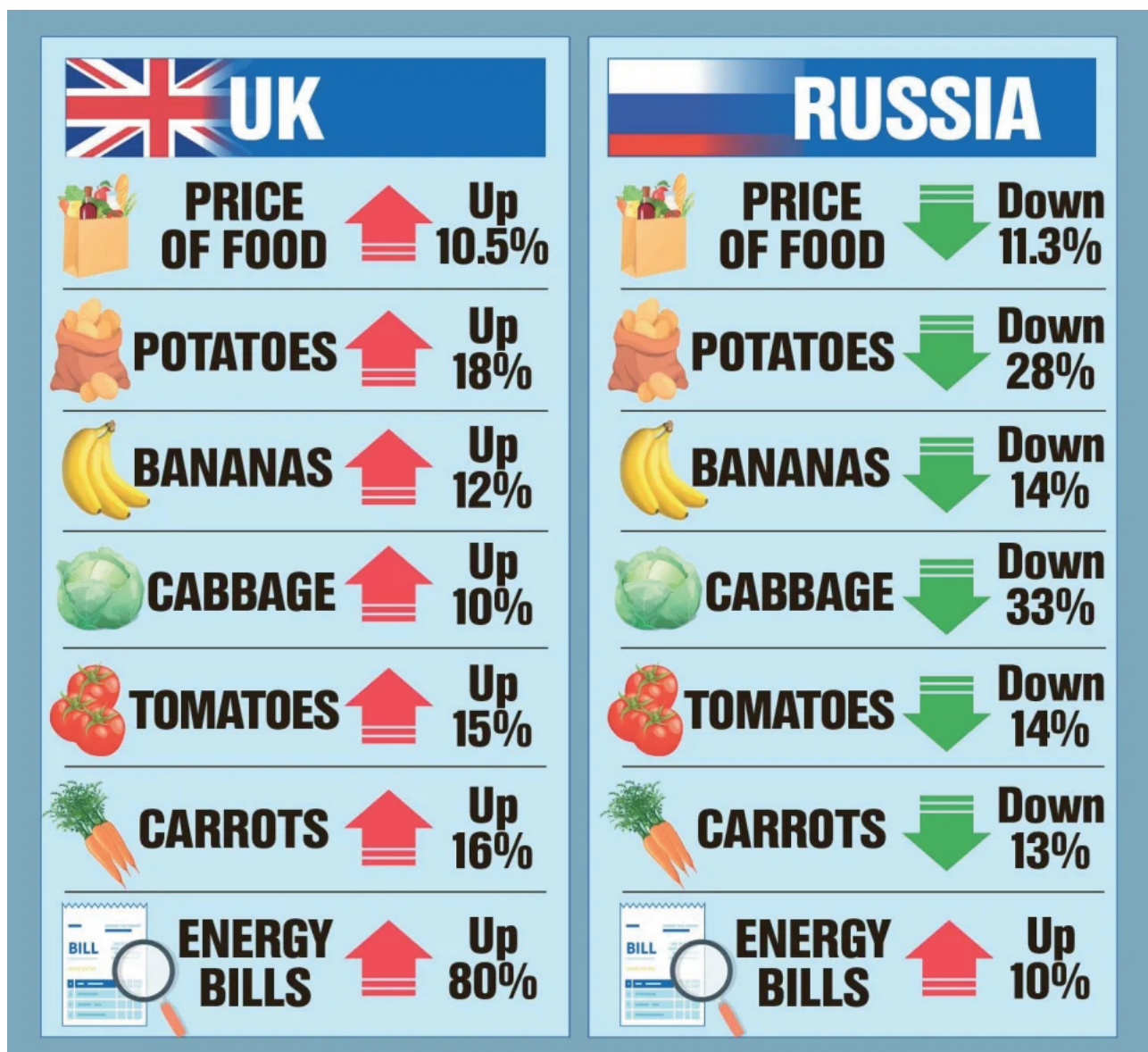
"When the underlying economy starts to crack,

minced beef at £8.50 per kg.

As well as increased food costs, we have faced rising prices for fuelling our cars.

We had record prices in June with unleaded petrol hitting £1.91p a litre while in Russia it costs between 63p to 78p per litre.

We have also been left with soaring energy bills. Gas prices were already high before the Ukraine war as demand increased after the lifting of Covid restrictions.



Britain's energy bills are up by 80 per cent compared to the 10 per cent rise for Russians

the rouble will probably fall through the floor."

Tom Tugendhat, the chairman of the Foreign Affairs select committee, said it showed why the West must stay united and face down Putin.

He told The Sun on Sunday: "Putin has been waging physical war against Ukraine and economic war against the rest of us."

"He is using the money British households are paying in extra fuel costs to subsidise prices in Russia, and holding us all hostage to his dictatorship."

"We need to be clear that we won't bow to tyranny and work together to make sure we protect British families from this brutal dictator."

But on shopping shelves, the cost of Russian staple the cabbage has tumbled 40 per cent in 25 regions, with a 33 per cent drop across the country.

Potatoes were down 28 per cent, beetroot 27 per cent, grapes 16 per cent, bananas 14 per cent, tomatoes 14 per cent, carrots 13 per cent, pears 11 per cent and apples six per cent.

Some things have remained the same, including Russia's most popular Five Lakes vodka, which is still 379 roubles (£5.40) for a 350ml bottle.

Milk, eggs, tea bags and sugar are also down lately, but they do cost more than before the war began.

Potatoes are 43p per kg, apples £1.86 per kg and a loaf of bread 57p – about half the price they are in the UK. But some goods do cost the same, such as

But prices skyrocketed after the invasion because Russia is one of the world's biggest producers of gas.

Continental Europe is heavily reliant on Russian gas, leading to fears of winter blackouts, rationing and factory closures in Germany.

Only a tiny fraction of Britain's gas comes directly from Russia but the UK relies more on gas for generating electricity than European neighbours because it has less nuclear and renewable energy.

In Russia they have had an average monthly increase of ten per cent, but in the UK energy bills are expected to rise by 80 per cent.

In St Petersburg – Putin's home city – driver Igor Ivanov, 34, and his wife Anya, 28, a bookkeeper, earn £18,000 between them and live in a two-bedroom flat.

Igor told The Sun on Sunday: "We are facing a ten per cent rise. So the bills will go up to about £43 a month. We won't go cold."

It is a sentiment echoed by shop worker Tanya Sokolova.

Despite living in a city where the temperatures plunge to -35C, her fuel payment will be £52.24 a month for her one-bedroom flat.

Tanya, 29, told The Sun on Sunday: "I've had a rise of 16 per cent which is taking my payments to £52.24."

"It isn't more than ten per cent of my earnings