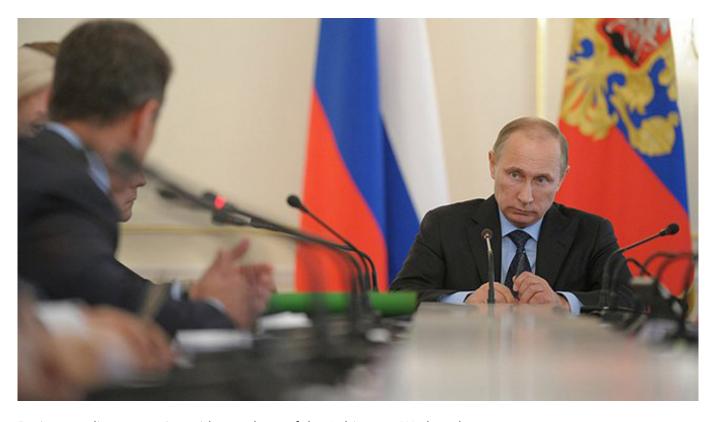


## Russia Unfazed by New EU Economic Sanctions Warning

By Gabrielle Tetrault-Farber

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Putin attending a meeting with members of the Cabinet on Wednesday.

As European Union leaders are set to meet in Brussels on Friday to discuss the potential imposition of sector-wide economic sanctions on Russia, Russian economists remain skeptical that these harsher sanctions could harm the country's economy.

Western observers have said that President Vladimir Putin's decision to ask the Federation Council to rescind the resolution that authorized him to order a military intervention in Ukraine — a request it granted on Wednesday — is an attempt to dodge European sanctions that would target key sectors of the Russian economy, including its energy industry.

While Russian economists agree that new sanctions by the EU — which was the origin of 41.9 percent of Russia's imports and the destination of 52.9 percent of its exports in 2012, according to the European Commission's Directorate-General for Trade — would not be a positive development for Russia, they have concurred that their effect will only be marginal

and short-lived.

"It is never good when your most important trade partner threatens to impose sanctions on you," said Roman Andreyeshev, deputy head of the faculty of projects and programs management on international issues at the Russian Presidential Academy of National Economy and Public Administration. "But I think that the imposition of sanctions the EU is pondering is unlikely. Russia's energy resources and the EU's dependence on them tips the balance in Russia's favor."

In 2012, Russia supplied a quarter of the EU's gas. That same year, the entirety of the gas supplies of the Baltic states and Finland were from Russia, while Germany received 37 percent of its gas from Russian sources, according to Eurogas.

In light of Europe's heavy reliance on Russia for energy, Andreyeshev thinks that EU sanctions on the country's energy sector ultimately would be self-defeating.

The imposition of "EU sanctions on Russia's energy sector is not a rhetorical question but a question of logic," he said. "Do you really want to hurt yourself for a question of principle?"

For economist Vladimir Mantusov of the Foreign Ministry's Diplomatic Academy, EU sanctions on other sectors, such as high technology, would be more "noticeable" than those on the energy industry but would nonetheless entail negligible consequences for Russia.

"It is true that cooperation in the field of high technology provides Russia with the possibility to reform its national economy," Mantusov said. "But I think that Europe will lose more than Russia with these sanctions."

Another round of sanctions, which could lead to European high technology companies' contracts with Russia not being unfulfilled, would represent a greater loss for Europe than for Russia, Mantusov said.

"Russia might not be able to receive a finished product from these companies," he said.
"While Russia can get its desired product from other sources, including from its partners in Asia, EU companies will not be paid for the services or products they did not provide. They will lose more."

European companies such as Skoda, BASF and Wintershall are among those who have spoken out against the imposition of EU sanctions on Russia, saying that such measures would be detrimental to both sides.

The EU and U.S. have already imposed sanctions on Russian individuals close to Putin and on the companies they own in response to the Ukrainian crisis. The West has shied away from targeting the Russian economy as a whole, fearing that the sanctions could backfire on European countries that foster close economic ties with Russia.

## See also:

U.S. Business Groups to Run Ads Attacking Fresh Russia Sanctions

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