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Russia to Challenge U.S. Sanctions at WTO

By Mark Lammey

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A man stands in front of the State Duma building with a poster saying "WTO is death for Russia."

Russia is planning to complain to the World Trade Organization, or WTO, about sanctions imposed by the U.S. over Russia's perceived failure to help de-escalate the ongoing crisis in Ukraine, media reports said.

The U.S. on Wednesday let rip with its third and harshest round of sanctions against Russia, targeting two of Russia's biggest banks, two energy companies and eight defense companies.

"Needless to say, we will raise this issue at the WTO General Council and, most likely, will use its dispute resolution procedures," Russian Economic Development Minister Alexei Ulyukayev was quoted as saying Saturday by ITAR-Tass.

"Until now we have refrained from taking such steps in hopes that our American partners would take a more balanced position. Unfortunately, our American colleagues failed

to demonstrate this, and we have been left with no other choice," Ulyukayev said after a meeting of the Group of 20 trade ministers in Sydney.

The White House's measures, while careful to minimize damage to the U.S. and world economies, will raise the cost of borrowing for the sanctions-hit companies and Russian enterprises in general while deepening the uncertainty that has kept international investors at arm's length for months.

Prime Minister Dmitry Medvedev also said Friday that Russia would take its complaints over U.S. sanctions to the WTO, reiterating the position he staked out last month in regard to the two previous rounds of U.S. sanctions. Medvedev said at that time that Washington stood guilty of failing to fulfill its trade obligations and of violating the organization's rules.

Ulyukayev said he felt it was too early to say how serious the impact of the sanctions could be for Russia's flagging economy.

"We need to analyze this question very carefully. Perhaps the negative effects will not be so big, but what is important is that our American partners have overstepped the mark, and this cannot go unnoticed," he said.

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