

EU Considers Sanctions on Russia's Defense and Capital Markets Over Ukraine

By [The Moscow Times](#)

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Dutch Foreign Minister Frans Timmermans (R) shakes hands with Russia's Ambassador to the United Nations Vitaly Churkin before a Security Council meeting at United Nations headquarters in New York.

BRUSSELS — The European Union threatened Russia on Tuesday with harsher sanctions over Ukraine that could inflict wider damage on its economy following the downing of a Malaysian airliner, but it delayed action for a few days.

Efforts to forge a united front were hampered by a French announcement that the planned delivery of a warship to Moscow would go ahead despite U.S. and British pleas to halt it.

At a meeting in Brussels, EU foreign ministers for the first time raised the possibility of restricting Russian access to European capital markets, defense and energy technology, asking the executive European Commission to draft proposals this week.

Such sanctions would require the approval of all EU governments and would apply only if Moscow does not cooperate with an international investigation into the Malaysia Airlines plane crash in an area of eastern Ukraine controlled by Russian-backed separatists, and if it fails to stop weapons flowing into the country.

"I am happy that we have taken a decision which is I think quite forceful and that we have reached this decision unanimously," Dutch Foreign Minister Frans Timmermans told reporters after the meeting.

Timmermans opened the meeting after a minute's silence was held in memory of the 298 people — 193 of them Dutch — who died when flight MH17 crashed last Thursday en route from Amsterdam to Kuala Lumpur.

The ministers agreed to widen the list of individuals and entities targeted by asset freezes and visa bans, and opened up the possibility of imposing sanctions on people who give financial support to Russian decision-makers.

British Foreign Secretary Philip Hammond said London wanted the measures to target friends and allies of Russian President Vladimir Putin to pressure Russia to stop meddling in Ukraine.

"The word is 'cronies': the cronies of Mr Putin and his clique in the Kremlin are the people who have to bear the pressure," he said. "If the financial interests of the group around the leadership are affected, the leadership will know about it."

Tuesday's meeting took place as the United States piled pressure on Europe, which is wary of antagonizing a vital energy supplier, to move fast against Russia.

The president of the former Soviet republic of Lithuania, now an EU member, accused France of pursuing a policy akin to the 1930s appeasement of Nazi Germany over its decision to go ahead with the delivery of a helicopter carrier to Moscow.

EU envoys will discuss the wider target list for existing sanctions on Thursday.

Some diplomats said EU leaders may hold a special summit to take a final decision on wider economic measures. One said a meeting was "highly likely" next week.

The next scheduled summit is due on Aug. 30, but Polish Foreign Minister Radoslaw Sikorski said the decision could also be taken by ministers or by an exchange of letters.

Arms Flow

Several ministers called for an arms embargo on Russia to try to stem a flow of weapons that is fueling the conflict, including surface-to-air missiles suspected of bringing down the airliner. German Foreign Minister Frank-Walter Steinmeier said any such ban would only apply to future contracts.

Washington says the plane was brought down by a surface-to-air missile fired from territory in eastern Ukraine held by pro-Russian separatists. Moscow denies involvement but EU ministers said they would consider branding the rebel groups as "terrorist organizations", subjecting them to sanctions.

Differences between Paris and London burst into the open on Monday when President Francois Hollande said delivery of a first French helicopter carrier built for Russia would go ahead, hours after Prime Minister David Cameron had said such a delivery would be "unthinkable" in Britain.

Hollande said the handover of a second Mistral-class warship under a 1.2 billion euro (\$1.6 billion) contract signed in 2011 by his predecessor would depend on Russia's attitude.

Hollande won support among both his own Socialists and the conservative opposition UMP for standing up to outside pressure. Socialist Party leader Jean-Christophe Cambadélis said Cameron should "start by cleaning up his own backyard", referring to the presence of Russian oligarchs close to Putin in London.

Cameron's spokesman said Britain was ready to consider sanctions that would affect its own interests, notably in financial services. When asked about the comment that it was time to target "cronies and oligarchs" around Putin, the spokesman said he had seen little evidence that London-based Russian tycoons were involved in supporting the Ukraine rebels.

Sikorski said the possible financial sanctions against Russia could include barring Moscow's access to debt refinancing in the European public and private sectors. "Theoretically [this] can be decided already on Thursday," he told reporters.

Lithuanian President Dalia Grybauskaitė, an outspoken critic of Putin, compared the French attitude with the appeasement of Nazi Germany in the 1930s.

"If European states keep on acting so indecisively, this is a direct invitation for the aggressor to be more aggressive and go further," she told LRT public radio. "In 1930s Nazism wasn't stopped, and now aggressive Russian chauvinism isn't stopped and that resulted in the attack against a civilian plane."

Ukrainian Foreign Minister Pavlo Klimkin urged Europe to move faster. "We need not just tough talking, but we also need bold action by the European Union," he told reporters in Brussels. "I believe that in these circumstance arms and weapon supplies to Russia is also against the EU code of conduct."

In a step apparently designed to embarrass Russia, Britain's interior ministry announced a decision to hold a public inquiry into the death of former KGB spy Alexander Litvinenko, who died of radioactive polonium poisoning in London in 2006.

Litvinenko blamed Putin on his deathbed for ordering his killing. Moscow denied any involvement. Britain had rejected a request for an inquest last year when relations with Russia were warmer.

See also:

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