The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia Says U.S. Sanctions Break WTO Rules, Could Cause Trade Dispute

July 24, 2014

The latest U.S. sanctions against Russia violate World Trade Organization rules and may force Moscow into a destabilizing trade dispute, Russia's ambassador told the Geneva-based trade body on Thursday.

"It looks like we are being forced to seek the protection of our legitimate rights and interests through the WTO mechanisms," Ambassador Gennady Ovechko said, adding that Russia was also concerned by sanctions taken by other WTO members.

In response to the conflict in Ukraine, the U.S. has for several months been imposing sanctions on Russian individuals and smaller companies. But on July 16, Washington hit Russia's largest oil producer, Rosneft; its second-largest gas producer, Novatek; and its third-largest bank, Gazprombank. All are run by Putin allies who have become wealthy during his tenure.

The European Union is also considering further sanctions after the downing of a Malaysian airliner in an area of eastern Ukraine controlled by Russia-backed separatists.

Russia deeply regretted the latest U.S. step, Ovechko said.

"We consider all these destructive actions by the U.S. as an interference with business operations of the companies which the U.S. authorities are trying to situate in the political context, which they neither belong to nor are in any way part of."

He later declined to comment on possible new EU sanctions.

His comments at a meeting of the WTO's General Council were supported by Cuba, Nicaragua, Venezuela, Argentina, Bolivia, Zimbabwe and Ecuador.

Countries enforcing trade sanctions do not have to justify them at the WTO unless they are challenged in a trade dispute. Justifications for restricting trade can range from environmental and health reasons to religious scruples.

But some diplomats fear that wide-ranging sanctions against Russia could only be explained by national security concerns. That would be a legitimate argument but one that has never been invoked in a WTO dispute, and could unravel mutual trust.

"Thus, the U.S. actions might cause the unfortunate chain of events that would ultimately undermine the credibility of the multilateral trading system," Ovechko said.

See also:

Russia to Challenge U.S. Sanctions at WTO

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