

U.S. Says Sanction Reprisals Will Boomerang on Russia

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WASHINGTON — The White House made the case on Thursday that Western sanctions against Russia for destabilizing Ukraine have had a significant impact on its economy and that Russian retaliation will only boomerang.

Moscow imposed a total ban on imports of many Western foods on Thursday, a stronger-than-expected measure that isolates Russian consumers from world trade to a degree unseen since Soviet days.

Russian President Vladimir Putin ordered his government to adopt the measures in response to Western economic sanctions on Russia's defense, oil and financial sectors over Moscow's support for rebels waging an insurrection in east Ukraine.

Earlier this year, Russia annexed the Crimean Peninsula from Ukraine.

"Retaliating against Western companies or countries will deepen Russia's international isolation, causing further damage to its own economy," Jason Furman, chairman of the White

House Council of Economic Advisers, told reporters in a conference call.

"Russia's Central Bank has pointed out [the] bans on imported foods will push up Russia's already high inflation rate, eroding the purchasing power of Russian citizens," he added, saying that Russia's actions in Ukraine and the Western sanctions had "made a weak Russian economy even weaker."

Furman described a significant "asymmetry" between the U.S. and Russian economies, saying that exports to Russia constitute only a tenth of 1 percent of U.S. gross domestic product and only eight-tenths of 1 percent of European Union GDP.

Russian exports to the United States and the European Union together constituted 13 percent of Russia's GDP, he said, stressing the diversification of the U.S. economy in comparison to Russia's heavy dependence on oil and extractive industries.

"One consequence of this asymmetry is that well-designed sanctions that are done in a careful way and in conjunction with our partners ☒ have a negligible aggregate impact on the U.S. economy," Furman said.

"You haven't seen it cause an increase in the price of oil, you haven't seen financial sector linkages, and you haven't seen a meaningful impact in terms of our aggregate overall exports," he added. He did not elaborate what was meant by "financial sector linkages."

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