

U.S. Says Putin's Food Ban Will Backfire on Russia

By [The Moscow Times](#)

August 08, 2014



Russian President Vladimir Putin (R) and Prime Minister Dmitry Medvedev toasting with beer during a visit to a self-service restaurant in Moscow.

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 by banning many Western food imports will only boomerang.

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

Furman said the bans would hurt Russian consumer by pushing up Russia's already-high inflation rate. Conversely, U.S. sanctions on Russia have not affected oil prices or U.S. economic growth, he said.

"Russia's actions in Ukraine and the sanctions we've already imposed have made a weak Russian economy even weaker," Furman said.

While Russia's exports to the United States and the European Union together constituted 13 percent of Russia's gross domestic product, Furman said U.S. exports to Russia constitute only 0.1 percent of U.S. GDP and only 0.8 percent of European Union GDP.

The United States is prepared to levy additional sanctions on Russia if it does not change course in backing separatists in eastern Ukraine, a top U.S. Treasury Department official said, adding to the pressure on the Russian economy.

"The sanctions that we have imposed and the market's understanding that there are more sanctions to come if Russia does not change course have exacerbated preexisting vulnerabilities in the Russian economy," Treasury Undersecretary David Cohen said on the call.

"Some analysts are now predicting an outright contraction in the Russian economy in the second half of this year," he said.

Cohen also said Washington has warned Russia against a reported oil-for-goods swap with Iran, and that entities involved in any such deal would be exposed to U.S. sanctions.

It is still unclear whether Russia and Iran have agreed on an oil-for-goods swap, Cohen said, noting that such a deal could affect ongoing talks on Iran's nuclear program.

He declined specific comment on Exxon's oil drilling project in the Russian Arctic.

"We have engaged very closely with the U.S. business community to explain what we're doing, to provide guidance, and to listen to their concerns and get their input as we design these sanctions programs," Cohen said.

See also:

[Russia's Food Ban Strikes Its Own Consumers](#)

[Russia's Food Ban Against EU, U.S. Provides Huge Opportunity for Brazil](#)

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