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# EU Holds Off Sanctions Against Russia Pending Ukraine Cease-Fire

By The Moscow Times

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Ukrainian President Petro Poroshenko prepares to speak at a news conference during the NATO summit at the Celtic Manor resort, near Newport, in Wales September 4, 2014.

BRUSSELS/NEWPORT, Wales — The European Union on Friday slapped new economic sanctions on Russia, but said they could be suspended if Moscow withdraws its troops from Ukraine and observes a cease-fire.

Some provisions will make it harder for Russian state-owned firms to raise finance in the EU. Diplomats expect them to hit, among others, the oil company Rosneft and units of Gazprom, though not the gas firm itself, a main supplier to the EU.

A further 24 people were added to a list of those barred from entry to the bloc and whose assets in the EU are frozen.

"The ambassadors agreed on a package of sanctions against persons and sectors of the

Russian economy," one senior EU diplomat involved in the talks said.

"The implementation is expected on Monday," the diplomat said. "A cease-fire must hold for sanctions to be lifted."

Russia's Foreign Ministry vowed on Saturday to react if the EU implements the new sanctions.

"If they [new sanctions] are implemented of course there will be a reaction from our side," the ministry said in a statement.

Earlier, diplomats spoke of possibly postponing the sanctions coming into force for up to a week to give President Vladimir Putin time to show he was resolving the conflict. But impatience with Russia's ambiguity in the Ukraine conflict won.

Confirming the deal should take effect on Monday, the presidents of the European Commission, the EU's executive, and of the European Council, which groups the 28 governments, said: "It will give the EU an effective tool, which should allow us to provide a response within a short time span. It will increase the effectiveness of the measures already in place."

Commission President Jose Manuel Barroso and Council President Herman Van Rompuy said: "It will also reinforce the principle that EU sanctions are directed at promoting a change of course in Russia's actions in Ukraine."

Ukrainian government representatives and pro-Russian rebels agreed to declare a cease-fire on Friday at talks in Minsk, the first such breakthrough in the five-month war, but German Chancellor Angela Merkel said signing the deal was not in itself enough to halt sanctions.

Merkel told a news conference at a NATO summit that it would have to be verified whether the cease-fire was being implemented, whether Russian troops were being withdrawn and whether a buffer zone was established. "Everything is in flux," she said.

"Therefore we should expect that these sanctions could indeed be put into force, but with the proviso that they can be suspended again if this process really takes place," Merkel said.

Britain also backed such a solution.

The EU and the U.S. imposed sanctions against Russia after Moscow annexed Ukraine's Crimean peninsula in March, and tightened them since then, accusing Russia of supporting pro-Russian separatists in Ukraine's east.

The latest wave of sanctions was announced after Western countries said they believed Russia had sent ground troops into Ukraine, helping the rebels with a major advance last week.

### More Sanctions

EU leaders agreed at a summit on Aug. 30 to prepare the new set of sanctions within the week. Governments have been wrangling over details, partly in the hope of limiting the effects of sanctions on their own economies and businesses operating in their own markets. Several smaller EU countries, notably the Czech Republic and Slovakia, dependent on Russian gas, had

expressed skepticism about sanctions.

Full and final texts of the measures will not be published until next week. Countries agreed to tighten an export ban on "dual-use goods" — articles that can have both a military as well as a civilian purpose — to include more than a dozen Russian companies, not only defense firms as had been the case.

Envoys from the EU member states in Brussels also agreed to extend curbs on Russian state-owned banks borrowing or raising capital on EU markets so that it applies to all state-owned companies.

They also tightened the conditions on what type of borrowing they could still do, by cutting the maximum maturity of debt they can issue to 30 days from 90.

Sensitive to much of the Western bloc's reliance on Russian natural gas with winter approaching, EU officials have so far ensured that state-owned Gazprom, the world's biggest gas company, was not targeted by sanctions.

But one EU diplomat said after the meeting on Friday that Gazprom's banking unit and its oil arm, Gazprom Neft, could be subject to the new curbs on financing by state-owned companies.

To make it difficult for Russia to finance large projects, such as the current construction of pipelines and major bridges, the EU also imposed a ban on banks taking part in syndicated loans to government-controlled firms, a typical form of funding for such ventures.

And a ban on selling advanced technologies in the energy sector to Russia was extended to include advanced research and know-how for the exploration of difficult deposits like shale gas and deposits in the Arctic.

A proposal to include Defense Minister Sergei Shoigu on the list of banned persons was rejected, diplomats said.

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