

New EU Economic Sanctions against Russia Target Finance, Energy and Defense

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New EU sanctions target Russian finance, energy and defense sectors. They restrict state-owned energy giants Rosneft, Transneft and Gazprom Neft (its oil subsidiary) from raising capital in European markets. They prohibit buying their 30-day yield bonds and equities of any kind.

Five state-owned banks were targeted. They include Sberbank, VTB, Gazprombank, Vnesheconombank (VEB) and Rosselkhozbank. They're prohibited from raising capital in EU markets. Purchasing newly issued bonds and other securities with maturities over 30 days are banned.

Sanctions affect three major Russian defense companies. They include UralVagonZavod (UVZ), Oboronprom and United Aircraft Corporation (UAC). Purchasing and selling their bonds with maturities over 30 days is prohibited.

Nine other defense companies were targeted. They include the Sirius Concern, OJSC Stankoinstrument, Khimkompozit, the Kalashnikov Concern, the Tula Arms Plant, Technologii Mashinostroyeniya, Vysokotochnye Kompleksy, the Almaz-Antei Concern, and Bazalt.

Purchasing their dual-purpose technologies is prohibited.

Twenty-four more Russian officials were blacklisted. In total, 119 are sanctioned. New names added include:

Liberal Democratic Party of Russia (LDPR) leader Vladimir Zhironovsky.

Federation Council Deputy Chairman Yury Vorobyov.

Rosoboronexport Board Chairman Sergey Chemezov.

Duma Deputy Speakers Vladimir Vasilyev, Ivan Melnikov, Igor Lebedev, and Nikolai Levichev.

Deputy Duma Committee on International Affairs heads Leonid Kalashnikov and Svetlana Zhurova.

Deputy Duma Committee on the Affairs of the CIS and the European Integration heads Vladimir Nikitin and Oleg Lebedev.

Duma deputy Alexander Babakov.

MP and Cossack Troops commander Viktor Vodolatsky.

Airborne troops 76th division commander Alexei Naumets.

Crimea's official Moscow representative Georgy Muradov.

First Deputy Crimean Prime Minister Mikhail Sheremet.

Blacklisted names include eight Novorossiia leaders. They include:

Donetsk People's Republic (DPR) Prime Minister Alexander Zakharchenko.

DPR's Defense Minister Vladimir Kononov.

Donbass self-defense forces leader Miroslav Rudenko.

Lugansk People's Republic (LPR) Prime Minister Gennady Tsytkalov.

DPR's Security Minister Andrey Pinchuk.

Its Interior Minister Oleg Bereza.

Its official Moscow representative Andrei Rodkin.

Its social affairs Vice-Premier Alexander Karaman.

Sanctioned individuals are prohibited from entering EU territory. Assets held in European banks, if any, are frozen. Sanctions targeted services Russia needs for Arctic oil and gas extraction, as well as deep sea and shale exploration projects. On Thursday, Russia's Foreign Ministry said EU sanctions won't go unanswered. It called imposing them devoid of logic and common sense.

They compromise already deteriorating relations. They're polar opposite what's badly

needed. Russia's Foreign Ministry said the following:

"Making this step, the EU actually made its choice against the process of peace settlement of the intra-Ukrainian crisis, support for which is expected from all responsible forces in Europe. Today, Brussels and heads of EU member states should give a clear answer to EU citizens why they are subjected to the risks of confrontation, economic stagnation and loss of jobs. Give people a chance for peace at last," it stressed.

Sergey Lavrov called imposing more sanctions an attempt to throw Russia off balance. Its EU Ambassador Vladimir Chizhov said they're devoid of elementary logic at a time Russia went all-out to resolve Ukrainian crisis conditions responsibly. Punishing good policy is madness. Doing so shows other motives are pursued. Europe leaves Russia no other choice than to adopt comparable countermeasures.

Deputy Prime Minister Dmitry Rogozin called EU sanctions a strategic error and gross miscalculation.

"It's not so much the (targeted sectors they're) punishing," he said. "They're trying to punish the whole nation because the sanctions against the financial sector, the manufacturing sector, the oil and gas sector are the sanctions aimed at damaging the life of ordinary Russians. They think they can sting us somehow this way because the sanctions against the defense manufacturing industries signal an attempt to enfeeble us physically, and I think that's a strategic error on the part of the West."

On September 12, the US Treasury Department's Office of Foreign Assets Control (OFAC) imposed more sanctions. Secretary Jack Lew lied, saying:

"Given Russia's direct military intervention and blatant efforts to destabilize Ukraine, we have deepened our sanctions against Russia today, in concert with our European allies. These steps underscore the continued resolve of the international community against Russia's aggression. Russia's economic and diplomatic isolation will continue to grow as long as its actions do not live up to its words. It is essential that Russia work with Ukraine and other international partners to find a lasting settlement to the conflict. If Russia does so, these new sanctions could be suspended. If instead Russia chooses to continue its violations of international law, the costs will continue to rise. As in all of the sanctions steps we have taken, we have designed the actions announced today to deliver significant pressure on the targets of our sanctions while safeguarding, to the extent possible, global financial markets and the global economy."

Fact check:

Washington bears full responsibility for Ukrainian crisis conditions. It ousted its democratically elected government. It installed neo-Nazi-infested putschists. They have no legitimacy whatever.

Throughout months of conflict, Russia has gone all-out for diplomatic conflict resolution.

Western sanctions aim to marginalize, contain, weaken and isolate Russia. Perhaps in the end they'll backfire. Pursuant to Executive Order 13662 dated March 24, 2014: Blocking Property of Additional Persons Contributing to the Situation in Ukraine (to include Russian commerce, industry and finance), OFAC targeted five Russian defense companies. They classified them as Specialty Designated Nationals (SDNs).

At the same time, the US Commerce Department's Bureau of Industry and Security (BIS) added five Russian energy and defense companies to its Entity List. It subjects targeted businesses and other organizations to specific license requirements for export, re-export, and/or transfer (in country) of specified items. In targeting Russia, it imposed special conditions intended to impede commerce.

New US measures overall restrict:

- targeted industries' dual-use products and technologies;
- services related to deep water oil exploration and production, Arctic oil exploration and production, as well as Russian shale projects;
- services related to Common Military List products and technologies; and
- access to capital markets.

Previous dual use restrictions applied only on products and technologies sold, supplied, transferred, or exported to Russia for military use or to a military end-user. New sanctions outright ban these products and services listed in the EU Dual-Use Regulation. It does so if sale, supply, transfer or export is to one of the targeted Russian companies. They include:

JSC Sirius, OJSC Stankoinstrument, OAO JSC Chemcomposite, JSC Kalashnikov, JSC Tula Arms Plant, NPK Technologii Maschinostrojenija, OAO Wysokototschnye Kompleksi, OAO Almaz Antey and OAO NPO Bazalt.

New Regulation restrictions prohibit related technical help, brokering services, and financial assistance. They're much broader than previously in banning services relating to Arctic and other deep water exploration and production, as well as Russian shale oil projects.

Insurance and reinsurance prohibitions are imposed on the sale, supply, transfer or export of Common Military List products and technologies. Capital market restrictions affect bonds, equities and money market instruments with maturities exceeding 30 days. Sberbank, VTB bank, Gazprombank, Vnesheconombank (VEB), Rosselkhozbank are targeted.

Twenty-four new individuals were blacklisted. In total, 119 are sanctioned. Designated entities number 23.

US and EU sanctions prohibit making funds and/or economic resources available directly or

indirectly to targeted companies or individuals. They include dealings with suppliers, banks, agents, distributors, other intermediaries, or entities owned or controlled by targeted entities or persons.

It bears repeating. Russia strongly condemned new sanctions. According to Russian Foreign Ministry spokesman Alexander Lukashevich: "On many levels, the Russian leadership has made it clear that we'll take adequate measures, and our response will be absolutely comparable with the actions by the EU" and America.

Sanctions wars continue. They cut both ways. They come when weakening EU economies can least afford them. It remains to be seen how badly they'll be hurt. In the long run, Russia's economy may be helped. It's diversifying effectively. Its energy deal with China is hugely beneficial. It's trading more with Eastern and BRICS countries. It's reducing its dependency on Europe. It's transforming its economic relationships effectively. It's polar opposite counterproductive US/EU policy. It stands to gain overall longterm. Expect sanctioning Russia to fail.

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His new book as editor and contributor is titled "Flashpoint in Ukraine: US Drive for Hegemony Risks WW III."

<http://www.claritypress.com/LendmanIII.html> Visit his blog site at sjlendman.blogspot.com.

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