

# The East Ukraine “Cease Fire” and the Economic Sanctions Regime Directed Russia

By [Stephen Lendman](#)

Global Research, September 09, 2014

Region: [Russia and FSU](#)

Theme: [US NATO War Agenda](#)

In-depth Report: [UKRAINE REPORT](#)

*On September 8, Reuters said EU “governments delayed signing off on a new package of sanctions against Russia...”*

*They’re doing so to discuss how to suspend them if the Southeastern Ukraine ceasefire holds.*

*It began Friday evening. It’s shaky at best. Fighting continues sporadically around Donetsk and Mariupol.*

*Self-defense forces observe ceasefire terms, they said. They blame neo-Nazi-infested brigades for continued fighting.*

According to Donetsk People’s Republic (DPR) Defense Minister Vladimir Kononov, “(i)f provocations continue, (he’ll) reciprocate with deadly force.”

Kiev’s military is regrouping. Its ranks were decimated. They’re in disarray. They suffered a humiliating defeat.

The Conflict could resume any time. US-led NATO is aggressively anti-Russian.

War plans are being readied to be implemented. Peace is dismissed out of hand. A fragile respite at best exists.

Sanctions remain part of Washington’s agenda. EU nations are pressured to impose their own.

They were deciding whether to implement them first and then suspend them if ceasefire largely holds or do nothing at this point, said Reuters.

Now they’re delayed. More on this below.

Many EU countries oppose new sanctions. They want Russian retaliation avoided. According to one EU diplomat:

“On Friday, ambassadors agreed (on) what should be in the sanctions package.”

“Today they returned to a discussion of how to implement them to reflect the positive developments on the ground.”

They’ll target Russia’s top state-owned oil companies and pipeline operators.

They include Rosneft, Transneft and Gazprom Neft. Implementation will block them from raising capital in European markets.

Sanctions won't target Lukoil, Surgutneftegaz, and other privately owned firms.

Russia's gas sector is excluded. State-owned Gazprom is the world's largest producer. It's Europe's biggest supplier.

EU sanctions blocking Russian companies from raising money in EU markets, if implemented, apply only to firms with over one trillion rubles (\$26.95 billion) in annual sales.

Half must be generated from oil or transport revenues.

An additional 24 people will be barred from entry into EU countries. Assets they may hold there are frozen.

EU governments reportedly plan following America's lead on banning dual military/civilian use from Russian companies supplying its military.

On July 16, Washington blacklisted Russian defense companies Almaz-Antey Corporation, the Kalashnikov Concern and Instrument Design Bureau, as well as Izhmash, Basalt, and Uralvagonzavod.

On Monday, Prime Minister Dmitry Medvedev warned Russia may deny Western airlines access to its airspace if EU sanctions target its energy companies.

"If there are sanctions related to the energy sector, or further restrictions on Russia's financial sector, we will have to respond asymmetrically," Medvedev said.

He promised strong retaliation. "We could impose transport restrictions."

"We believe we have friendly relations with our partners, and foreign airlines of friendly countries are permitted to fly over Russia."

"However, we'll have to respond to any restrictions imposed on us."

"If Western carriers have to bypass our airspace, this could drive many struggling airlines into bankruptcy."

"This is not the way to go. We just hope our partners realize this at some point."

Accessing Russian air space to Asia saves Western airlines at least four hours flight time.

It's about \$30,000 saved per flight. Lufthansa said it could lose over one billion euros in three months if barred from Russian airspace.

It's unclear if blocking it includes cargo and delivery flights as well as passenger ones. Medvedev didn't explain.

Sanctions cut both ways, he said. They're "a double-edged sword. Ultimately they end up backfiring and...hurting those who are first to impose" them.

On Monday, the Financial Times said Moscow seeks “to prevent its European customers (from) re-exporting Russian gas to Ukraine...”

Doing so will hit hard as winter approaches. On June 16, Russia’s Gazprom suspended gas shipments to Ukraine.

It did so after negotiations failed to resolve payment arrears on past deliveries since the 1990s.

Of major concern is blocking Gazprom gas through Ukraine to EU countries. Suspending supplies heightens Moscow/Kiev tensions.

On the one hand, Ukraine’s shattered economy is broke. On the other, illegitimate prime minister Arseniy Yatsenyuk says “(w)e will not subsidize Gazprom.”

“Ukrainians will not let Russia spend this money on weapons, tanks and planes to bomb Ukrainian territory.”

Kiev owes Gazprom billions of dollars. So far, things aren’t like 2009.

A price war hit several EU countries hard. It did so after Gazprom cut off supplies during very cold winter weather.

It remains to be seen if it happens again this year. Perhaps if sanctions wars continue.

To offset lost Russian supplies, Ukraine seeks more EU gas. Mainly through reverse flows.

They’re re-exports of Russian gas via Poland, Hungary, Slovakia and elsewhere. Gazprom objects. CEO Alexei Miller call them “semi-fraudulent mechanism” supplies.

The FT said senior European Commission and Eastern European governments “say Russia has been raising the prospect of reducing export volumes so their customers have no gas left over for reverse flows to Ukraine.”

According to an unnamed Eastern European official, reduced supplies could risk disruptions. Price spikes could follow.

Gazprom spokesman Sergei Kupriyanov denied threatening European export volumes. “This is the first time I have heard of that,” he said.

Reverse flow gas Ukraine receives is modest. It needs much larger supplies. It needs to import about half its annual consumption.

It’s energy network is “highly inefficient,” said the FT. Declining coal production compounds its problems.

Hurt by reduced Russian 2006 and 2009 supplies, EU nations prioritize gas storage. Facilities are 89% full. Countries are in much better shape than earlier.

According to EU trade commissioner Karel De Gucht, Russia wants to consummate a quick price deal with Ukraine.

Another serious European supply cut could force a generational shift away from Russia. Moscow needs to be seen as a reliable supplier.

Late afternoon September 8, the Wall Street Journal headlined “EU Approves New Round of Sanctions on Russia,” saying:

They “won’t enter into force for several days to see whether negotiations over the fate of war-torn eastern Ukraine show progress.”

European Council President Herman Van Rompuy said sanctions will be implemented later than originally planned.

They’re “aim(ed) at promoting a change of course in Russia’s actions destabilizing eastern Ukraine,” he said.

“This will leave time for an assessment of the implementation of the cease-fire agreement and the peace plan,” he said.

They’ll take effect “in the next few days,” he added. Delay “will leave time for an assessment of the implementation of the ceasefire agreement and peace plan.”

“(D)epending on the situation on the ground,” EU states will “review the agreed sanctions in whole or in part.”

New measures could be lifted if clear evidence shows Moscow intends forging “a genuine political solution in Ukraine,” said the Journal.

Separately, the Minsk

“Protocol on the results of consultations of the Trilateral Contact Group” calls for “decentraliz(ing) power, including through the adoption by Ukraine of law ‘on provisional procedure for local government in parts of Donetsk and Lugansk regions (law on special status).’ “

Lugansk and Donetsk are given special status. “(E)arly local elections” will be held. Kiev must assure “inclusive nationwide dialogue.”

It remains to be seen what follows. On Monday, Poroshenko arrived in Mariupol. “This is our Ukrainian land,” he said. “We will never give it up to anyone.”

Kiev permitting local Lugansk and Donetsk autonomy may be more fantasy than real. Especially if conflict resumes.

Chances for durable peace and political equity are virtually nil. It’s just a matter of time before promises made are broken.

Kiev wants central government control. Yielding local authority is anathema to its position.

Russian political analyst Alexander Baunov believes Poroshenko is buying time for Kiev to regain control over Southeastern Ukraine.

On Tuesday, Russian Foreign Minister Sergey Lavrov said:

“In regard to the issue of the country’s southeast, then the protocol signed in Minsk envisages steps in that direction.”

“We hope that these negotiations will begin quickly.”

“Their format is obvious: the Ukrainian authorities and the leaders of the Luhansk and Donetsk People’s Republics, or the so-called signatories of the Minsk Protocol of September 5. And we call on them to fulfill this protocol.”

At the same time, Lavrov expressed concern about Ukrainian troop concentrations near Debaltseve in the Southeast.

“We know that the independence supporters and we as a country that witnessed the agreement reached in Minsk on September 5 that there are calls for concern over yesterday’s announcement of a concentration of heavy artillery in the region of Debaltseve, weaponry from the Ukrainian military forces,”

he said.

Both sides accuse each other of violating ceasefire terms. Conflict could resume any time.

Russia will do everything possible to prevent it, said Lavrov.

“We have, will, and are doing everything in our power to materialize the suggestions on beginning dialogue, starting from the most important task of a ceasefire,” he stressed.

“The entire (Monday) phone conversation between (Putin and Poroshenko) focused on the need to encourage processes aimed at reaching a ceasefire between” both sides.

Moscow continues going all-out for diplomatic conflict resolution. It’s done so throughout months of conflict.

Not according to Washington Post editors. They lied claiming Putin “dispatched several thousand Russian regulars and hundreds of tanks and armored vehicles across the border.”

Putin’s ceasefire plan followed, they said. It

“require(s) Kiev to capitulate to Russia’s continuing control over some 10 percent of Ukraine’s territory and even more of its population.”

“No one should be surprised if Russian forces renew their offensive in the coming days, while Moscow’s mendacious propaganda apparatus blames Ukraine.”

“Moscow (intends) to turn the eastern provinces into autonomous entities with a veto over Ukraine’s foreign policies.”

“(W)eak US and European response to Russia’s aggression has placed Mr. Putin in a position to carve another piece from Ukraine.”

Fact check:

Western media Big Lies substitute for truth and full disclosure. Malicious ones repeat daily.

Russia didn't invade Ukraine. Its troops, tanks and armored vehicles didn't cross its border. No evidence suggests otherwise.

Putin doesn't threaten his neighbors. He doesn't demand Kiev "capitulation."

Ukraine is the gravest geopolitical crisis since WW II. Global conflict may follow. Obama bears full responsibility.

*Stephen Lendman lives in Chicago. He can be reached at [lendmanstephen@sbcglobal.net](mailto:lendmanstephen@sbcglobal.net). 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](http://sjlendman.blogspot.com). Listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network. It airs three times weekly: live on Sundays at 1PM Central time plus two prerecorded archived programs. <http://www.progressiveradionetwork.com/the-progressive-news-hour>*

The original source of this article is Global Research  
Copyright © [Stephen Lendman](#), Global Research, 2014

---

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Stephen Lendman](#)

#### About the author:

Stephen Lendman lives in Chicago. He can be reached at [lendmanstephen@sbcglobal.net](mailto:lendmanstephen@sbcglobal.net). 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](http://sjlendman.blogspot.com). Listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network. It airs three times weekly: live on Sundays at 1PM Central time plus two prerecorded archived programs.

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)  
[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those

who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)