

The Freezing of Russian Assets, Moscow's Counter-Sanctions Directed against the EU

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French and Belgian Russian asset freezes along with extending EU sanctions through January came (not coincidentally) on day one of the 19th St. Petersburg International Economic Forum (SPIEF).

It's an impressive annual three-day event attracting thousands of participants - including world political and business leaders, journalists and others from dozens of countries worldwide.

The Forum's web site states:

SPIEF gathers the leading decision-makers of the emerging economic powers to identify and deliberate the key challenges facing Russia, emerging markets, and the world at large, while engaging communities to find common purpose and establish frameworks to forge solutions which will drive the growth and stability agenda.

Vladimir Putin welcomed participants calling SPIEF "a platform for candid discussions to be held on a wide range of economic, financial and social issues, with long-term contracts and agreements being concluded on the sidelines."

"The slogan for this year's event, 'Time to Act: Shared Paths to Stability and Growth', reflects our strategy in the new realities of today's global economy."

"I firmly believe that the ideas and proposals formulated at this year's Forum will go a long way towards improving economic cooperation and strengthening mutual trust."

In response to EU nations extending sanctions, Putin spokesman Dmitry Peskov said Russia will respond based on the "principle of reciprocity" - indicating Moscow's counter-sanctions will remain in force.

Neither side benefits. Russian Railways head Vladimir Yakunin called sanctions "economic masochism." EU nations continue acting against their own interests by playing Washington's dirty game - a futile attempt to marginalize, weaken, contain and isolate Russia.

In response, Moscow established closer ties with China and other nations unwilling to harm their own interests by supporting Washington's.

France and Belgium acted irresponsibly by freezing Russian assets. French authorities

targeted VTB, Russia's second largest bank.

Diplomatic accounts were frozen, then unlocked. Rossiya Segodnya international news agency's bank accounts were seized. The operation includes Sputnik News.

At the same time, Belgian authorities seized Russian assets – including its Embassy's and Permanent UN Mission accounts.

The action relates to contested Russian debt former Yukos Oil owners claim they're owed. The company declared bankruptcy after Moscow demanded it pay back taxes evaded for years.

Former Yukos CEO Mikhail Khodorkovsky spent more than a decade in prison (2003 – 2013) for embezzlement and tax evasion. In the 1990s, he was Russia's richest oligarch with close ties to Kremlin bureaucrats.

In 1995, he bought Yukos assets for \$300 million – a tiny fraction of their worth. In 2003, their market value was \$30 billion – a 100-fold ill-gotten gain.

In July 2014, the Hague-based Permanent Court of Arbitration (PCA) ordered \$50 billion paid to former Yukos shareholders. It called the company “the object of a series of politically motivated attacks.”

Russia's Justice Minister Aleksandr Konovalov said freezing Russian assets is “a blatant violation of international law.” Russia's Foreign Ministry called Belgium's actions “an unfriendly act...a blatant (international law) violation.” It indicated retaliatory measures may follow if what happened isn't reversed.

Putin aide Andrey Belousov called actions by France and Belgium politicized. “Moscow hopes to avoid a new escalation in relations,” he said. At the same time, it's “considering a number of measures to deal with” what happened if things aren't resolved responsibly.

Last November, Moscow appealed PCA's \$50 billion Yukos decision – on grounds of lacking jurisdiction over internal Russian affairs. Without justification, the Court claimed Russia's “primary objective...was not to collect taxes but rather to bankrupt Yukos and appropriate its valuable assets.”

Russian oligarch Khodorkovsky amassed great wealth the old-fashioned way. During an October 2008 Council to Combat Corruption session, former Russian President Dmitry Medvedev said:

“Corruption in our nation has not simply become wide-scale. It has become a common, everyday phenomenon which characterizes the very life of our society.”

“We are not simply talking about commonplace bribery. We are talking about a severe illness which is corroding the economy and corrupting all society.”

According to an earlier Russian Internal Affairs Ministry estimate, annual corruption ranges from \$20 – \$40 billion. Other assessments indicate much greater amounts of stolen wealth – involving business, government officials and bureaucrats.

French and Belgian moves had nothing to do with alleged Moscow law violations. They were entirely politically motivated – connected to Washington’s Russia bashing agenda pressuring EU nations to do much of its dirty work against their own self-interest.

The latest moves are tied to SPIEF’s opening, nonexistent “Russian aggression” in Ukraine, its successful English and other foreign language media effectively countering Western propaganda, and America’s longstanding regime change objective.

What can’t go on forever, won’t. At least eight EU countries support lifting Russian sanctions – Austria, the Czech Republic, Cyprus, Greece, Hungary, Italy, Slovakia, even France.

Heavy US pressure keeps them from acting in their own self-interest – for how long remains to be seen.

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