

Trump and Russia's Ill-Wishers Confounded At Saint Petersburg Economic Summit

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When will they grasp not just the criminality, but the futility of economic sanctions? Could they not learn from the sixty-year abject failure of their sanctions to bring to heel even the tiny island of Cuba? Western "experts," who may have thought that they could dish out to Russia the Iraq sanctions treatment, so that Nikki Haley could comment on national television that the induced death of half a million Russian children was "worth it," now after the just closed St Petersburg World Economic Forum (May 24 - 26, 2018) have abundant reasons to question the soundness of their doctrines.

Not that they will, of course. It takes cojones to reexamine dilettantish policies dictated by base passions and bankrupt ideology. Cojones they manifestly lack, as well as reasonable intelligence; all they have is the arrogant obstinacy of those who try a failed scheme a hundred times, in the hope that it will work the hundred and first time. That, by the way, is Albert Einstein's definition of lunacy.

From its opening about a week ago, this year's St Petersburg XXII Economic Forum struck everyone with eyes wide open to see as a resounding success: 14,000 participants, including many top western business leaders and even representatives of the British oligarchy (to the great chagrin of London Times). And on the sidelines, be it noted, top world political leaders came to pay their respects to You Know Who: French President Emmanuel Macron, Japanese Prime Minister Shinzo Abe, IMF chief Christine Lagarde, Chinese Vice President Wang, as well as German Chancellor Angela Merkel and Indian Prime Minister Narendra Modi, who paid their obeisance separately a bit earlier in Sochi. Even American Ambassador Jon Huntsman turned up in Saint Petersburg, no doubt to check up on Vladimir Putin's isolation and write home a gloating report about it.

As a seasoned observer of Russian affairs wrote the other day,

"now that the 'economic block' of the Russian government is firmly in the hands of the Atlantic Integrationists and even Alexei Kudrin declares that the impact of the economic sanctions to only 0.5% of the Russian GDP, and against the background of US arrogance gone berserk (see Pompeo's 12 point ultimatum to Iran or Trump's sudden cancellation of this planned meeting with Kim) thereby deeply frightening many European investors, Russia appears to be an island of comparative stability and predictability. Turns out, there are billions of dollars to be made in Russia, who would have thought?"

Indeed. The Saint Petersburg Economic Forum, let us recall, is an annual affair consisting of a gathering of global economic leaders keen to consider key economic issues facing Russia, developing markets, and the world at large.

Each year the gathering brings together over 10,000 participants from more than 60 countries, including business and political leaders, leading scientists, public figures and media. The format includes panel sessions, round tables, and business dialog, all devoted to the economic development of Russia, its integration within the global economic space, and cooperation with the world's leading economic structures. This year's Forum was held under the motto of «Создавая экономику доверия», or Let's build an economy of mutual trust. The overarching topic was economic growth under new conditions indicating that the world economic crisis is subsiding. Accordingly, the event was divided into four major and significantly titled discussion blocks: "Global economy in a period of change," "Russia: realizing its growth potential," "Human capital in the digital economy," and "Technology for leadership."

Even US ambassador John Huntsman, who cut a rather lonely figure at what — according to the official dogma — should have been a celebration of Russia's isolation, was moved to observe that "now it is very important to discuss future US - Russia economic relations."

Russo-German relations were undoubtedly among the hottest topics at the St Petersburg economic summit. Little wonder, as for the first time in five years trade between the two countries is again experiencing growth. According to the data disseminated by the Federal Statistical Bureau in Wiesbaden, in 2017 German manufacturers exported 25,9 billion euros worth of merchandise to Russia, while Russia exported 31,4 billions to Germany.

An understandably important discussion topic was the impact of US anti-Russia sanctions on German firms doing business in Russia. Resorting to an elegantly congruent measure, just the EU is planning to monitor European firms cooperating with American sanctions against Iran, the Russian Duma is ready to adopt a law whereby Russian and foreign firms cooperating with US anti-Russia sanctions will be put on a "watch list." Such a measure would necessarily also impact some German firms in Russia, which employ about 300,000 workers.

To put it another way, the Germans are in a bind. That is clearly reflected in the recent statement by the Russian-German Foreign Trade Chamber to the effect that "these actions [sanctions] are holding international business hostage to sanctions. Moscow and the West must find ways to settle the conflicts in Syria and Ukraine, counting on de-escalating the conflict instead of its escalation" and "putting pressure on German or any other business, as well as demanding that certain companies take sides in this spat would send an ultimately wrong signal".

These expressions of concern make sense from both countries' perspectives, given that, according to German Bundesbank data, last year German firms invested 1,6 billion euros directly in Russia. In Russia there are currently operating 4,900 German companies; in Germany there are about 1,000 registered Russian firms.

Prospective losses for German firms resulting from the new round of US anti-Russia sanctions may amount, in the short to medium term, to 1,5 billion euros, while in the long term losses are bound to be significantly more massive. Yet, in spite of the elaborate obstacle course built to obstruct German-Russian trade and other relations, the German economic portal www.ostexperte.de says that three-quarters of German enterprises doing business in Russia plan to maintain their activities at the present level, 20 percent plan to increase their scope, and only 10 percent are anticipating cutbacks. Not a resounding

success, to be sure, for the “sanction – isolation” regime with regard to one of the world’s leading economies and traditionally Russia’s major trade partner, Germany.

“The Russian market,” Dr Frank Schauff, CEO of the Association of European Business in Moscow, said recently, “is geographically very accessible to European firms and there are strong cultural and historical links. For me, it has been interesting to watch as Russia’s regions have been getting increasingly professional in their dealings with investors over the last few years. Bureaucratic barriers are being lowered. There are no infrastructure problems blocking setting into motion new investment projects.”

In similar vein, Rainer Lindner, head of Schaeffler AG, one of the largest German firms doing business in Russia, looks on economic links as one of the major pillars of cooperation:

“When political relations are tense, economics often facilitates the preservation of an ongoing relationship.”

At the same time, Donald Trump is using gas delivery as a tool of political pressure against Moscow. Last month, on the occasion of the German chancellor’s visit to the US, President Trump proposed a new trade agreement with the EU in return for Germany’s giving up the “North Stream 2” gas pipeline. He threatened that, in case the Europeans failed to obey, they might be hit with painful customs duties in their trade with the US.

Russian senator Alexey Pushkov wryly called it a “dirty game played by a nervous superpower,” adding that sanctions (which is what the threatened anti-European trade barriers in practice would amount to) imposed by Washington on its own allies merely serve to further dramatize the latter’s already manifest vassalage.

Western unity fractures before our eyes.

“Looking at Donald Trump’s latest moves,” comments European Council President Donald Tusk, “it might well be said that with such friends one does not need enemies. But, let us say it openly, the EU should be grateful to him. Our thanks for helping us to discard our illusions.”

To which the chairman of the European Commission Jean-Claude Juncker chimes in with the trenchant remark that the EU must take upon itself a global leadership role. His premise for that conclusion is that Trump’s decision to break off the Iranian agreement sends the message that the US is no longer prepared to act in cooperation with other governments, while turning away from friendly intercourse with the rest of the world with “striking fury.”

“We must replace the US on the world stage because it is faltering and its influence is in long-term decline,” added Juncker.

And ditto Frau Merkel who said as much, in as many words, when the US pulled out of the Iranian deal.

Germany finds itself between a rock and a hard place in the tension zone between the US and Russia. It has a legitimate right to search for its proper place.

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