

# US, Europe to Boost Economic Sanctions on Russia. Financial Warfare Coupled with Military Threats

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Region: [Europe](#), [USA](#)

Global Research, July 29, 2014

[World Socialist Web Site](#)

*The US and four major European powers—Germany, Britain, France and Italy—yesterday agreed to greatly increase co-ordinated economic sanctions against Russia in a bid to force it to bow to their demands to end any support for pro-Russian separatists in eastern Ukraine. Details of the sanctions are yet to be finalised, but they will apply to arms sales to Russia, and to the Russian energy and finance sectors.*

In statements reeking of hypocrisy, Washington and its allies seized on the downing of Malaysian Airlines flight MH17 and allegations that Moscow was supplying heavy weapons to Ukrainian rebels to justify economic penalties. The US has provided no evidence to support its deluge of propaganda blaming Russia and Russian-backed separatists for the MH17 crash.

The sanctions were announced after US President Obama held a video-conference yesterday with his European counterparts. His deputy security adviser Anthony Blinken told the media: “They agreed on the importance of coordinated sanctions measures on Russia for its continued transfer of arms, equipment and fighters in eastern Ukraine, including since the crash, and to press Russia to end its efforts to destabilise the country.”

In a transparent attempt to ratchet up pressure on Moscow before the video-conference, the US State Department released a four-page memo on Sunday claiming to prove that military forces inside Russia fired on Ukrainian troops in eastern Ukraine. Russian officials dismissed the evidence and branded the low-resolution satellite images in the memo as fake. Moscow also denied arming pro-Russian fighters in Ukraine.

The sanctions are aimed at buttressing the far right Ukrainian regime, installed with US and German backing in a fascist-led coup in February. The crisis-ridden government in Kiev, whose parliamentary coalition collapsed last week, is waging major military offensives in eastern Ukraine that have already resulted in scores of civilian deaths and a stream of refugees fleeing the area. In flagrant breach of the UN Security Council resolution on MH17, the Ukrainian military is conducting operations to seize the crash site and surrounding areas.

The European powers’ decision to support tougher sanctions reflects both pressure from Washington and a determination to exploit the MH17 crash to the hilt.

Previous penalties applied to targeted individuals and companies, rather than to broad sectors of the Russian economy that will also impact European business interests.

The shift is marked in Germany, which has strong trade ties with Russia and depends heavily on Russian energy supplies. Christiane Wirtz, spokeswoman for German Chancellor Angela Merkel, told journalists yesterday that the MH17 crash created “a completely new situation that makes further measures necessary ... Only a substantial package would enable a clear, strong signal to Russia.”

The comments reflect similar sentiments in the German media and from business figures. Writing in the *Handelsblatt* on Monday, Ulrich Grillo, president of the Federation of German Industries, stated: “As painful as further economic sanctions will be for European business development, German exports and individual companies, they can’t—and may not—be excluded as a way to pressure the Russian government.”

Martin Wansleben, head of the Association of German Chamber of Commerce and Industry, declared in an interview: “This shooting down of a plane is really a turning point. It’s such an outrageous act that one must give a clear response.”

*Both the German government and business chiefs regard the MH17 crash as an opportunity, not to be missed, to aggressively assert the economic and strategic interests of German imperialism in Ukraine and other areas of the former Soviet Union. The barrage of anti-Russian propaganda is aimed at overcoming broad popular opposition to actions that threaten military conflict.*

French President Francois Hollande and British Prime Minister David Cameron also released statements yesterday indicating their strong support for tough sanctions. Calling for “a strong package of sectoral sanctions as swiftly as possible,” Cameron denounced Russia for continuing “to transfer weapons across the border and to provide practical support to the separatists.”

The European powers stopped short of blanket embargos on arms sales and entire sectors of the Russian economy. France will be permitted to deliver the first of two warships being built by a French shipyard for Russia. In a concession to Britain, European restrictions on Russia’s finance sector will only cover banks that are more than 50 percent Russian-owned. Sanctions on the energy sector will not apply to Russia’s natural gas industry, on which Germany is greatly reliant.

Russia responded cautiously to the announced sanctions. Foreign Minister Sergei Lavrov declared: “We do not want to act tit-for-tat.” While acknowledging that the measures would have an economic impact, he added: “We will overcome any difficulties that may arise ... and maybe we will become more independent and more confident in our own strength.”

The European Union is due to meet today to discuss the sanctions package.

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