

US Sanctions on Russia are Indirect Sanctions on the EU

By [Prof Michel Chossudovsky](#)
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European countries are toeing the US line on sanctions against Russia, but when it comes to the economy they say they don't want those sanctions, Michel Chossudovsky, Director of the Center for Research on Globalization, told RT.

RT: Obama said that the West is united against Russia, and that Russia could face further isolation. Angela Merkel, though, wants to deescalate the situation. The Czech parliament also voted against more sanctions. Why aren't they all on the same page?

Michael Chossudovsky: This is a double-edged sword because the EU imports more than one-third of its gas and fuel from Russia. And consequently, if there are sanctions imposed on Russia, this will immediately backlash. In effect these are indirect sanctions on the EU, because the EU has no immediate alternative to those purchases of fuel and natural gas from the Russian Federation. The pressure for the imposition of sanctions is emanating from Washington – and the governments of the European countries may in fact toe the line at the diplomatic level. But when it comes to the economic and trade the answer is no, we don't want those sanctions, because immediately it is going to penalize not the Russian people, but the people of the EU.

RT: What about the existing EU and US sanctions against certain Russian individuals? What economic effect do you think they could have?

MC: The sanctions are symbolic and in effect they are very arrogant in terms of conduct of diplomacy to target individuals within the Russian government – you can't travel, your assets are frozen and so on. It is more of a harassment. It is not something which will impede the Russian state, a large country with a big economy to take action in that regard. It simply indicates the fact that Washington is somewhat desperate to find a solution.

Washington cannot implement meaningful sanctions as it would do with poor countries, maybe in Africa or Latin America, or maybe in Southeast Asia in the case of Myanmar. They can't do it with Russia or China, because it simply does not work.

We have to bear in mind that the Western economies are very fragile, because on one the hand they depend on imports of energy. The West, taken together, the US, Canada and so on, their reserves of oil and natural gas are very small in relation to those of the Middle East and other energy-producing economies like Russia.

Now take the case of China. China is a major supplier of consumer goods to most of the Western countries. "Made in China" is everywhere in the shopping malls and department stores. And imagine if the sanctions are imposed on China for one reason or another. Well,

China will say, no more “Made in China” commodities for the USA, which would immediately create havoc, at least in the immediate future, it would create havoc in the supply of consumer goods to millions of people.

RT: Russia's no longer welcome to be a part of the G8. What does Moscow stand to lose from being excluded from that partnership?

MC: The G8 goes back to the days of Boris Yeltsin. The G7 was never a decision-making body. It was really a gathering of seven heads of government -heads of State and it was an opportunity to socialize. Some discussions were taking place but most of the communiqués were drafted in advance. And then Boris Yeltsin really asked the G7, “Well, I would also like to come,” and then they created the G8. In fact what they had was the G7 + 1 initially, and then it eventually evolved toward the G8. In the early days of the G8, Russia did not participate in the entire event. It came on the last two days, so to speak.

I don't see this as a meaningful gesture. I think it is idiotic from a diplomatic point of view, because the G7/G8 offers an environment which is relaxed, where the US, European and Canadian heads of state heads of government could have established a dialogue with Russia, with president Putin at that venue with a view of resolving certain dimensions of this crisis. But they have chosen to cut the diplomatic dialogue and they are saying, “We don't want to talk to you anymore.” The G7 was a place where you talk because nothing is decided in the G7/G8. It is an informal body of heads of government.

‘The Impact Cost IMF Assistance will be devastating for Ukraine’

RT: An aid package for Ukraine's economy is advancing in the US Congress and Kiev's talking to the IMF about loans too. Will that help be enough to save Ukraine's devastated economy?

MC: We have to distinguish between different components of a bilateral aid package. The US State Department has money which it grants to Ukraine and so does USAID. There are two components of that so-called aid package. But ultimately at both the USAID and the State Department there is no actual accounting to where the money goes and to whom the money goes. So in fact this could go to NGOs, it could be channeled through the National Endowment for Democracy. It could go even to political parties or to individuals or to programs and it is in the nature of the bilateral relations. But I should mention that the aid which is promised by the West both in relation to the bilateral aid and the IMF loan, and in fact what happens is that governments will piggy back on to an IMF loan and they will provide additional funding with conditionality, but that loan of the IMF is fictitious. It is fictitious because Ukraine is heavily indebted and does not even have the ability of meeting its short-term debt obligations.

RT: Kiev could get over \$20 billion worth of help from the US and the IMF soon, but what would that mean for Ukraine's economy in the long run?

MC: The impacts on Ukraine's economy right now are potentially devastating because the IMF is going to come in with very drastic reforms. Those reforms we know what they look like. There will be privatizations of state assets but also bankruptcy of private sector enterprises, possibly even breaking up some of the larger business conglomerates which are owned by the so-called oligarchs.

The IMF reforms will be devastating. They will have conditions in regard to curtailment of expenditures on social programs, curtailment of education. The reforms will trigger the collapse of the Ukrainian currency leading to inflation, increases to the cost of living. And bear in mind, this is the country which has already been impoverished as a result of IMF reforms going back to 1994 when the price of bread went up overnight 300 percent, and the price of transportation went up 900 percent. So we have an economy that is already crippled. Its agriculture has a tremendous potential but with these manipulations the likelihood is that assets as well as money will end up in the hands of Western companies.

RT: *And ultimately, do you think Kiev's government will be able to just avoid working with Russia altogether, and only do business with EU nations and the US.*

MC: I think the answer to that question has to do with the nature of that government. That is not a real government. That government was installed following a coup d'état led by extreme right groups and it also integrates within the government two neo-Nazi parties, Svoboda and the Right Sector which is now becoming a political party.

And key portfolios are held by members of these neo-Nazi groups.

So the question is, is it a real government or is it a proxy government which is obeying orders of Western creditors and Washington? Is it the government that can establish international relations with the international community or with Russia? I suspect it cannot. It is a government in crisis. We have to wait until the elections of May 25, if those elections are held, to see what would be the ultimate outcome, but I'm not particularly optimistic in that regard, because that government which is not a real government does not have the support for the people of Ukraine. It was brought into office as a result of riots and the storming of the parliament and it is supported by the West and that is fairly well understood. And I think what the Ukrainian people now need is a government which is sovereign and which can make choices to restore the bilateral relations with Russia and the EU, but not under the fist of conditionalities which are imposed by Washington and the IMF.

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