

EU discusses further Russia sanctions as US steps up war rhetoric

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The Obama administration is pushing for the European powers to toughen their stance against Russia. In its efforts to step up aggression against Moscow, the US is relying above all on the political and economic influence of Germany and, secondly, on its traditional ally, Britain.

A foreign ministers meeting in Athens on Friday and Saturday saw Berlin and London pressing the European Union (EU) to prepare stiff sanctions against the government of Russian President Vladimir Putin. However, this was framed only as a response to any further Russian incursion into Ukraine's eastern territories because of the opposition of several EU states to measures they fear will impact badly on their economies.

Prior to the summit, British Foreign Secretary William Hague told the press, "It's very important for us to remain strong and united about the sanctions that we have implemented against individuals in Russia and Crimea, and to prepare more far-reaching measures if they become necessary."

"This moment isn't the moment for phase three of sanctions, but they have to be ready," Hague added.

At the summit German Foreign Minister Frank-Walter Steinmeier said, "We did not talk about sanctions today. At the moment we don't have any plans for another round of sanctions, but rather the difficult challenge of helping Ukraine on its way forward so that it is capable of surviving in the future."

Addressing a convention of the Christian Democratic Union Saturday, German Chancellor Angela Merkel showed her own displeasure over the disagreements within the EU. Threatening that Russia shouldn't underrate the EU's resolve to impose economic sanctions, she said, in a comment apparently addressed to opponents of sanctions, that Europe shouldn't be

"filled with fear" that "a certain measure may cause problems for us."

"These times are confronting us with the question of where we stand," she said. "Nobody should harbour any illusion. As different as we are in Europe, it's our good fortune to be united and we will unite to make that decision" in case of any further violation of Ukraine.

Merkel was also targeting dissenting voices in big business circles within Germany. The chief executive of German conglomerate Siemens even met with Putin in Moscow to reaffirm his company's commitment to Russia.

Last month, the Federation of German Wholesale, Foreign Trade and Services (BGA) warned that further economic sanctions would damage "about 6,200 German companies [that] are engaged in Russia, some of them very strongly."

"For them, economic sanctions would be a real catastrophe," said Anton Boerner, head of the BGA exporters' body, warning in addition that if the conflict between Russia and the West escalates, oil prices may go up.

The concerns of EU member states over the economic impact of aggressive sanctions against Russia will have been amplified by Moscow's decision to double the price of gas supplies to Ukraine. Gazprom has raised the cost of gas by 81 percent, to the highest in Europe. The EU relies on Russia for about a third of its oil and gas.

While in Brussels last month, President Barack Obama told the EU privately that it could not rely on the US alone to reduce its dependency on Russian energy. Merkel has said she supported asking Obama to relax restrictions on exports of US gas, but he reportedly replied: "You cannot just rely on other

people's energy, even if it has some costs, some downside"—a clear demand for stepping up a nuclear power programme and fracking for shale gas.

The stalemate over economic sanctions is not slowing down the US campaign against Russia, but pushing it towards an even harsher military agenda. As the EU summit concluded, outgoing NATO Secretary General Anders Fogh Rasmussen denounced Russian complaints over the alliance's build-up of troops in countries neighbouring Russia and Ukraine as "just another piece of Russian propaganda and disinformation."

NATO's top military commander, US Air Force Gen. Philip Breedlove, told Canada's CBC that NATO must be now prepared for a possible Russian invasion of Ukraine.

"Are our forces ready, positioned and provisioned to take care of that problem," he asked, adding that he had less than two weeks to come up with a "reassurance package" for NATO's Baltic member states and Poland and Romania.

"In that package, I believe we need to have three components: an air component, a naval component which we I think have assembled and is I think sustainable," said Breedlove. "The tougher piece is what the land component is going to be."

Speaking to reporters Saturday ahead of his arrival in Japan, US Defense Secretary Chuck Hagel said that the "world will respond" to Russia's annexation of Ukraine.

NATO has already stepped up an air-policing mission over the Baltic states, including sending AWACS reconnaissance planes, dispatched fighter jets to Poland and has staged naval exercises in the Black Sea with Romania and Bulgaria.

Hagel told Bloomberg other options under consideration include permanently stationing a third Army brigade of 5,000 American troops in Europe. He repeated the US insistence that there is no evidence of Russia pulling its troops back from the Ukrainian border.

If another *casus belli* is required, Ukraine's puppet regime will be happy to provide one.

According to Ukraine's Defence Ministry, military exercises with NATO will be held from May to November. About 5,000 foreign and Ukrainian soldiers will participate, according to acting Defence Minister

Mikhail Koval. Ukraine has also asked NATO for military technical assistance.

On Saturday, Ukrainian authorities reported that they had dismantled a 15-25-strong armed underground group they claimed was plotting to launch an attack in a few days. The operation in the eastern city of Luhansk was said to have netted about 300 guns, a grenade launcher, and numerous grenades.

The situation is, in any event, fraught with internal conflict. On Saturday, several thousand protesters gathered in the eastern Ukrainian cities of Donetsk, Luhansk, and Kharkiv, demanding a Crimea-style referendum on joining Russia. They stormed regional government offices and flew Russian or eastern Ukrainian regional flags.

According to reports in the Russian media, some protesters called for a general all-Ukrainian strike and distributed leaflets declaring April 18 a referendum day. On March 1, Donetsk City Council supported calls for a referendum and said a decision will be made on April 22.

The Kiev regime called an emergency meeting of its top security officials in response to the protests.

Russia's economic counter-attack in raising gas prices will further destabilise Ukraine, after the western-backed interim government agreed to raise gas prices for domestic consumers by 50 percent. The IMF made subsidy reform and other savage austerity measures a condition for Ukraine's receiving loan guarantees worth up to \$18 billion.

Prime Minister Arsiney Yetsanyuk has told parliament that Ukraine is "on the edge of economic and financial bankruptcy." This estimate was confirmed by the ratings agency Moody's, which has downgraded Ukraine's government bond credit risk grading from Caa2 to Caa3. It means that Ukraine drops from Moody's "extremely speculative" rating to "default imminent with little prospect for recovery." Moody's noted that this assessment accounts for the liquidity relief offered by the IMF.



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