

European Union threatens retaliation over US sanctions bill against Russia

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The European powers reacted sharply yesterday to the US House of Representatives' passage of a bill imposing sanctions on Russia, Iran and North Korea, indicating that it was unacceptable to European interests and that the European Union (EU) was preparing retaliatory measures.

The US bill and the EU reaction expose the fundamental conflicts behind the rapid deterioration of US-EU relations since the election of Donald Trump as US president last year. While European politicians repeatedly attacked Trump, who is widely unpopular in Europe, conflicts are erupting now over a bill supported by Trump's Democratic opponents (and adopted in a nearly-unanimous vote) as a way to block Trump's freedom of action in ties with Russia. This points to the deep financial and strategic conflicts between the European powers and the entire American ruling class.

EU, German and French officials attacked the bill, warning that its broad provisions allow Washington to impose sanctions on major European corporations working with Russia or Iran, and thus threaten basic European strategic and energy interests.

The EU Commission issued a communiqué yesterday expressing "concerns notably because of the draft Bill's possible impact on EU energy independence." It warned that despite modifications to the bill in the House, the bill still "foresees the imposition of sanctions on any company (including European) which contributes to the development, maintenance, modernisation or repair of energy export pipelines by the Russian Federation. Depending on its implementation, this could affect infrastructure transporting energy resources to Europe."

The US bill threatens to cut off an entire network of critical east-west pipelines transporting Russian gas to European markets, as well as several major European

energy companies. France's Engie (Gaz de France-Suez), UK-Dutch firm Royal Dutch Shell, Austria's OMV, and Germany's Wintershall and Uniper would all face financial penalties for their participation in the Nordstream2 Baltic pipeline project. Firms involved in transporting gas to Europe from the Shah Deniz field in Azerbaijan and the Russia-to-Turkey TurkishStream pipeline would also be threatened.

EU Commission President Jean-Claude Juncker repeated his threat from earlier this week to swiftly prepare retaliatory punitive action against US firms. Attacking the US sanctions bill as an example of Trump's "America First" policy, Juncker said, "The Commission concluded today that if our concerns are not taken into account sufficiently, we stand ready to act appropriately within a matter of days. America first cannot mean that Europe's interests come last."

Speaking to Russia Today, Volker Treier, chief economist of the German Chambers of Commerce and Industry, warned that the bill threatened to do significant damage to the German economy. "If German firms are banned from participating in gas pipeline enterprises, very important projects in the energy supply security sector can be halted. In that case, the German economy will be discernibly influenced," he said.

German Foreign Minister Sigmar Gabriel had already denounced an earlier version of the bill for forcing Europe to buy more expensive US liquefied natural gas instead of Russian gas. He bluntly declared the bill was about "the sale of American liquefied gas and the sidelining of Russian gas supplies in the European market," in order "to secure jobs in the American oil and gas industries."

The French Foreign Ministry also issued a sharply-worded statement yesterday, attacking the sanctions bill

as illegal under international law. Spokeswoman Agnès Romatet said, “To protect ourselves from the extraterritorial effects of US (or other countries’) legislation, we will have to work to adapt our national policies and to modernize European policy.”

A list compiled by financial daily *Les Echos* of French firms facing US sanctions over their operations in Russia and/or Iran includes many of the country’s leading corporations.

The eruption of commercial conflict between the United States and the European Union points to the extraordinary dangers posed to the population of the world by world capitalism. Over the course of 25 years of war since the dissolution of the Soviet Union in 1991, Washington and its European imperialist allies have carried out an escalating series of wars and interventions in the Middle East and Eastern Europe.

While these were cynically packaged to the masses as wars for democracy or against terrorism or “weapons of mass destruction,” the underlying material interests were the same as those that twice in the 20th century led to the eruption of world war between the imperialist powers. As globalization of production inflamed the contradiction between world economy and the nation-state system, the major capitalist corporations and governments were seeking to re-divide the world’s resources between them through wars of plunder.

Now, as various factions in Washington threaten wars with major powers on the Eurasian land mass, the underlying US-EU rivalries are erupting to the surface. Three years after Germany announced the re-militarization of its foreign policy, EU countries are using China’s launch of the Asian Infrastructure Investment Bank and the partial normalization of trade with Iran due to its nuclear deal to step up investment across Eurasia and the Middle East. The foreign policies of the United States and the major EU powers are increasingly on a collision course.

At the same time, US and European authorities no longer bother to conceal deep trade conflicts between them. After US officials imposed an \$8.9 billion fine on French bank BNP Paribas over its dealings with Iran in 2014, EU officials retaliated last year by cutting off talks on a trans-Atlantic trade deal and imposing a €13 billion fine on Apple.

Angry commentary over the sanctions bill in the German press underscore that influential forces in the

German ruling class see the sanctions bill as yet further evidence of hostile US intent towards Germany and Europe.

“What is particularly dangerous is that supporters of Russia sanctions in Washington are not only trying to put Putin and Trump in the same bag, but also helping the US economy against foreign competition,” wrote the *Sueddeutsche Zeitung*. Under the bill, the daily added, “Europeans would be forced to burn less Russian natural gas and more American liquefied natural gas. This is an unfriendly act, especially against Germany.”

The *Frankfurter Allgemeine Zeitung* wrote that, “with all due respect for the Senate and its ambition to tie President Donald Trump’s hands on Russia policy, the draft law is unacceptable from a European perspective. First, it breaks the diplomatic alliance between Europe and the United States in deciding on sanctions against Russia. ... The argument that America is promoting Europe’s energy security is also quite insolent. That is Europe’s responsibility. This is how you lose friends.”

The question that is emerging is whether the US-EU military rivalry and bitter trade conflicts will now coalesce and escalate into a catastrophic breakdown in US-EU relations—in the form of a trade war that would bring the world economy to its knees, or of outright military conflict.



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