

New round of US sanctions against Russia

By Clara Weiss
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On August 8, the White House announced a new round of US sanctions against Russia under the bogus pretense of the so-called “Skripal case.” The announcement and the publication of another bill that envisions far-reaching sanctions have sent the ruble and Russian stock markets plummeting. Russian commentators have warned of a full-scale economic war breaking out between Russia and the US.

The new sanctions involve a ban on exports of goods related to national security, including electronic devices and dual-purpose components. There is also some speculation that Russia’s biggest airline, Aeroflot, might be banned from flying to the US. The first round of the new sanctions is expected to take effect on August 22. Another round could be introduced in 90 days. The US government has earlier threatened to impose “crushing sanctions” on Russia this fall.

The alleged poisoning of Sergei Skripal and his daughter Yulia with the Russian nerve gas “Novichok,” which was advanced as a justification for the new sanctions, was an imperialist provocation that has been used for months as a pretext for an escalation of the military build-up against Russia. Earlier this year, hundreds of Russian diplomats were expelled from the UK and other countries under this pretext. Yet, months after the alleged poisoning, the Skripals both are alive and well, and no proof for Russian involvement or the use of the “Novichok” nerve gas has been advanced.

On Thursday, the Russian ruble fell to a two-year low of 66.5 rubles per dollar, and shares of companies such as the main national airline Aeroflot have plummeted. The shares of Russia’s biggest bank, Sberbank, fell by almost 8 percent on Wednesday.

The announcement of the sanctions was an obvious attempt by the Trump White House to appease its right-wing critics from the Democratic Party and

sections of the Republicans who have escalated their anti-Russian campaign after Trump’s meeting with Russian President Vladimir Putin in Helsinki, accusing the US president of “treason.”

With the new round of penalties, following earlier sanctions against Russian officials and businessmen this year, the Trump administration is yet again signaling its willingness to continue the established strategy of the Democratic Party and CIA, which for years have been pushing for a destabilization of the Putin regime through economic pressure and the bolstering of the right-wing “liberal” opposition under Alexei Navalny. The advocates of the anti-Russia campaign were, predictably, delighted about this. Commenting in the *Washington Post*, columnist Jennifer Rubin hailed them as a “solid decision on Russia.”

The Kremlin was evidently taken by surprise by the new round of sanctions. The Kremlin’s spokesman Dmitry Peskov denounced the sanctions as an “absolutely unfriendly act.” The government has called the new sanctions “illegal and draconian.”

Russian media reports indicate that the devaluation of the ruble and the falling stock markets were provoked not only by the sanctions announcement but also by the report on a new bill, drafted by four senators, including Lindsey Graham, in Wednesday’s edition of the business daily *Kommersant*.

The proposed “Defending American Security from Kremlin Aggression Act” (DASKAA) envisions a ban on Russia’s biggest state banks conducting dollar settlements, a ban on the trade of both ruble- and dollar-denominated government bonds and barring the use of foreign exchange swaps with the Russian Central Bank, Treasury, and Wealth Fund. This would effectively cut off Russian banks and companies from Western financial markets, on which they are heavily dependent. According to the *Bear Market Brief*, such a

ban from access to US financial markets has been unseen since the 1941 US freeze of Japan's assets and ban on trading in its debts.

The DASKAA also provides for sanctions on investment in any projects by the Russian government or government-affiliated companies outside Russia that are worth more than \$250 million. Such sanctions would put an end to the long-debated, multibillion-euro Russian-German pipeline Nord Stream 2, in which numerous German, French and Austrian companies are involved. For over a decade, the US has opposed the construction of the Nord Stream pipeline, which first began operating in 2011, and its planned expansion. (See also: "German-US tensions grow over expansion of Nord Stream pipeline.")

Such sanctions could have a far-reaching impact on the Russian economy, as Russia remains highly dependent on gas and oil exports to Europe and Asia, and foreign equipment for the exploitation of the Russian oil and gas fields, as well as on the European economy more generally.

The bill also provides for a "detailed report on the personal net worth and assets" of Putin and his family and would give the State Department 90 days to determine whether Russia should be designated as a state sponsor of terrorism. Finally, the bill involves the creation of an "Office of Sanctions Coordination" within the State Department to align its efforts with the Treasury.

The Russian finance minister, Anton Siluanov, said that the finance ministry and the Russian central bank were preparing a range of financial tools to counter the effects of the sanctions.

Vladimir Vasiliev, a senior fellow at Moscow's Institute of US and Canadian Studies, warned on state television on Thursday: "We are sliding toward an economic war. We are reaching a point of no return in our relations and I don't see any base for improving them." Konstantin Kosachev, the head of the foreign-relations committee of the Russian senate compared the new sanctions to a "lynch law."

The chairman of the State Duma Committee on Financial Markets, Anatoly Aksakov, said in an interview with Rossiya 24, a TV channel, that the US would not achieve its goal with sanctions and would only "consolidate" Russian society, adding, "But a huge damage to international trade and relations and, of

course, relations with our country will certainly be done."

A commentator for the online newspaper *Gazeta.Ru* called the new sanctions package "sanctions against Trump" and pointed out that Russia had "become a pawn" in the domestic political conflicts in the United States. In this situation, Russia could do nothing but mind its own business and give up all hopes on significant improvements under the Trump administration.

The US sanctions threaten an escalation of the evolving global trade war and will further exacerbate the political and social crisis in Russia.

The economic warfare of Washington and the European Union against Russia, launched in 2014 over the Ukraine crisis, has hit the working class and sections of the middle class the hardest, with the Kremlin taking care that the oligarchs' fortunes have emerged largely untouched.

While the Russian government has been peddling the notion of "economic autarky" in response to the sanctions, prices for food staples have been continuously rising, making it ever more difficult for workers and impoverished layers of the intelligentsia to buy basic necessities. One indicator of the dramatic decline in living standards has been the steep growth in consumer debt.

According to recent reports, consumer debt this year has risen twice as fast as real incomes. Hikes in gasoline prices over the summer have caused additional social discontent. Putin's popularity has been declining since the government's announcement of the raising of the retirement age, a measure over 90 percent of the population opposes and which is widely considered the riskiest undertaking of Putin since he first became president in 2000.

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