

Sanctions against Russia over Ukrainian crisis are counterproductive

✘ The tension and the ongoing civil war in Ukraine's increasingly bloody battles will be expensive for the West and will damage what had been an already precarious relationship between the West and the former Soviet bloc. The West has embarked on an inexplicable 'crusade' against Moscow, which has reacted in an entirely predictable manner to the political crisis in Ukraine and then to the civil war involving the largely pro-Russian population in eastern the eastern part of the country and the more pro-EU population in the western regions. Ukraine never existed as such and the struggle now is over border solutions adopted in the fallout of the Soviet Union under pressure from NATO. There was no actual State of Ukraine before the October 1917 Revolution that led the path to the formation of the Soviet Union.

Historical arguments aside, Russia has sufficient historical and diplomatic claims over Ukraine that its involvement is understandable and its concerns of Western interference entirely warranted if not downright justified. Nevertheless, the West, NATO, Canada and the United States in particular (though Canada playing an especially and comical role as part of Prime Minister Harper's 'hawkish' foreign policy) have put pressure on Russian President Putin to relinquish Russian interests in Ukraine. This policy is rather more ridiculous than it sounds. It is akin to having Russia and its allies (including China and the BRICS countries) demand that The United States and Canada relinquish interests in Mexico or the Caribbean.

The West's economic (and military) isolation and encirclement maneuver aims to weaken Russia in an effort to cut ties with

the separatists Eastern Ukraine. However, the related sanctions will have a boomerang effect as they are counterproductive for the West. Apart from a predictable series of Russian responses – some of which have already been adopted – major Russian state-owned banks will no longer issue bonds and shares in the European markets and European companies are worried. Exports from food to arms, cars and luxury goods will be prohibited, causing major damage to the EU's economy; indeed, Europe will undoubtedly pay the highest price of this renewed "Cold War" and such countries as Poland, which on paper should be a Kiev supporter, stands to lose the most. Russian sanctions will slow down its economic growth to the point of threatening a recession.

Moscow wants to block the import of fruits and vegetables from Poland. In fact, Moscow has decided to ban for a year, imports of meat, fish, dairy products, fruits and vegetables from the United States, European Union, Norway, Canada and Australia. The main effect of the sanctions against Russia will be to harm bilateral cooperation and international stability. Russia is a strategic market for Europe from the viewpoint of trade and energy and small, medium and large enterprises will suffer alike. Italian and German companies, which are among Russia's major trading partners, will suffer considerably. As an example, Adidas, the German sports apparel manufacturer, has been forced to cut their estimates of the net profit for 2014, having been forced to reduce expansion plans in Russia. In the first half of this year, Volkswagen sold in 8% fewer cars in Russia than a year ago. And the CEO of Siemens, Joe Kaeser, warned – according to the Financial Times – of the "serious risks" of growth for Europe for this year and next. The sanctions will be felt even by Erste Group, VDMA, Shell, Total and BP. Some American companies such as Visa, MasterCard and ExxonMobil will also feel the sting.

Russia is a strategic market for Europe in terms of trade and energy. However, it is not so much that the EU risks being cut

off from Russian gas this winter; it is that the EU exports much of the oil and gas extraction and delivery technology and infrastructure to Russia. The effects will be delays to major infrastructure projects such as the construction of the South Stream gas pipeline, which affects the Eni and Saipem groups directly. Steel companies such as the Danieli Group will see losses as it has significant interests in Russia. As for the military sector, it is likely that Finmeccanica will have to review some strategies, given its cooperation in various civilian and military aerospace projects. A spirit of dialogue between Russia and the West is preferable by far. Europe and Russia are forced to integrate by history and geography and now by the globalization of markets.

The economic war, the resurgence of armed conflicts and confrontation between Obama and Putin is a worrying sign for the international community. Sometimes compromises are considered petty gestures, but mediation is the only remedy to a conflict or a civil war. Canadian Prime Minister Harper and his unlikely and entirely inadequate foreign affairs minister John Baird have steered foreign policy away from diplomacy to adolescent threats that solve nothing, having forgotten (or possibly they are ignorant of history) that stomping on Russia's feet is a feat that ended the careers of many deluded conquerors from the Teutonic Knights (defeated by the legendary folk hero Alexander Nevsky) in the Middle Ages to Napoleon and Hitler in more recent times. The West has backed some rather ridiculous 'revolutions' lately with terrible consequences: think of Syria, Iraq or even Egypt. Ukraine appears headed in the same direction. It is for posterity to deliver the ultimate evaluation but from the present standpoint, Washington, Ottawa, Bruxelles and all of NATO are pursuing a fruitless and self defeating path by sanctioning Russia.