

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.

Canada's anti-Russian rhetoric counterintuitive for US approval of Keystone XL pipeline

✘ What do climate change, US President Obama, Canadian Prime Minister Harper, Russian President Vladimir Putin and the Russia-Ukraine crisis have in common? Not much at first glance. Barack Obama is far more charming than Harper and Putin could run rings around them in a chess match (geopolitical and the actual game) all the while emitting less carbon dioxide. No, the answer may lie somewhere between Alberta and Texas, in argument to approve or cancel the proposed Keystone XL pipeline ('the Keystone'). The pipeline should extend almost 2,700 km Keystone XL from Hardisty, Alberta proposed by the TransCanada Company to deliver synthetic oil and diluted bitumen from the oil sands of Athabasca, in the northeast of the Alberta to multiple destinations in the United States, including refineries in Illinois and to Cushing, Oklahoma. The decision on Keystone ultimately rests on President Obama, who said he would approve the project only if it does not significantly increase emissions of greenhouse gas emissions. The pipeline has received full support from the Canadian government but it has been the subject of intense debate in the United States.

President Obama has been under pressure from many of his voters and fellow Democrats to block the Keystone in the name of climate change prevention. Conservatives have urged for it to be completed. On Monday, ahead of a crucial week in international geopolitics as NATO and G7 leaders gather in

Europe, which promises to focus on Russia and the Ukrainian crisis. Climate change and Russia have given politicians of all political convictions much political ammunition to rouse their respective constituents. Obama has fired the first round of heavy artillery; on Monday, he unveiled Monday an outline of a bold plan to reduce greenhouse gas emissions in the United States. The U.S. ambassador in Ottawa promptly urged Canada to do the same.

Obama's new strategy is targeted towards "a low carbon future, with choices of alternative energy, with greater energy efficiency, and sustainable exploitation of our oil and gas". The US ambassador to Ottawa encouraged Canada to join the United States in the fight against climate change: "The abundance of energy found in North America should not distract us from the need to improve our energy efficiency and our fight against climate change. This is not a task we can undertake individually ". Obama's new climate change initiative plans to:

- Reduce 30% of carbon emissions from U.S. power plants by 2015 compared to 2005.
- Encourage more insistently other countries to take action in the fight against climate change in the context of negotiations on a new international treaty must resume next year.

This is much easier said than done of course. As much as Obama wants to lecture Canadians about CO2 emissions, there is a huge gap between the USA and Canada. Americans consume a lot of coal, much more than Canada and coal is the most polluting energy source; it accounts for close to 40% of all electricity generation in the United States. In Canada coal only supplies 8% of energy. Environmentalists, however, say that the U.S. is currently on track to achieve their goal of reducing emissions by 2020 (even if these will still not be as low as those in Canada), accusing Canada of not working toward achieving its planned greenhouse gas emissions, especially as far as the

sands in Alberta are concerned. This extraction, say some environmentalists, is Canada's largest source of greenhouse gas emissions.

PM Stephen Harper had written to President Barack Obama in May to propose to collaborate more closely on the regulations governing GHG emissions in an attempt to obtain the approval of the controversial Keystone XL pipeline project – the very same project under threat now by Obama's new 'green' revelation. Harper reportedly offered the White House to establish common standards for the emissions of greenhouse gas (GHG) emissions in North America. Enter Ukraine and Russia:

Stephen Harper believes that Moscow poses a huge threat to world peace since it seized the Ukrainian Crimean peninsula and as pro-Russian unrest persists in eastern Ukraine. Prime Minister Harper stated that this would result in sanctions against the government of President Vladimir Putin. Harper has been the most adamant supporter of sanctions against Putin; indeed, Harper has appeared seemingly completely unaware of Russian and Ukrainian history, its complexity and intricacy, choosing to pose as 'grand strategist'. Is he is very narcissistic, an ignoramus or could he have another plan in mind? The strident anti-Russia rhetoric suggests that he predicts that an anti-Russia policy may bring benefits to Canada; indeed, the logic may well be related to the Keystone XL Pipeline.

The Harper strategy may be to promote approval of Keystone XL weaken Putin's resolve over Ukraine, adding for good measure the expansion of the natural gas industry in the USA leveraging on Putin's threats to cut off gas (LNG) delivery to Ukraine – and possibly Europe, raising natural gas prices worldwide. Of course, while desirable, pushing for an increase of LNG in the United States, would do very little to stop the crisis in Ukraine. The US could supply some oil but no gas to East European nations and undermine Putin. Of course, Harper's strategy has much more effect in rhetoric than reality. He

wants to present the Canadian government and himself as morally superior and bolder than his G7 and NATO counterparts: the brave face of the West challenging Russian aggression. In fact, Harper has made a mockery of diplomacy and reduced Canada's diplomatic influence, even with the United States.

Barack Obama may well interpret Harper's anti-Russian barking as unconstructive in the bigger picture and even as a nuisance. This means Harper may have all but lost any diplomatic currency to push Keystone XL ahead. It would have been a better strategy for Harper and his lap dog minister of foreign affairs Baird to play Canada's traditional diplomatic role and possibly bring Obama and Putin closer rather than further apart. Europe is where the oil and gas supply calculations are being made. The argument of increasing US oil exports – which in theory could help reduce the USD\$ 100/barrel oil price on which Russia relies for its budget – will not work in the short term and it fails to take into account the other geopolitical factors that are contributing to sustaining high oil prices. Finally, US oil output and reserves (said to be growing 15% per year) has increased to such an extent in the past two years that US politicians and environmentalists will not have to face a sleepless night after they put the Keystone XL to rest. And that was the calculus that Obama used to unveil his Green strategy, which will bring more political gains than losses, regardless of how loud Harper cries wolf.