

EU to Sanction Russian Companies on Monday, Diplomats Say

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European Union ambassadors have agreed in principle to add about 15 people and several Crimean-based companies to the bloc's list of sanctions against Russia over its annexation of Ukraine's Crimea region, EU diplomats said on Friday.

The EU has so far imposed asset freezes and visa bans on 48 Russians and Ukrainians over Moscow's annexation of Crimea but it will be the first time the 28-nation bloc has targeted companies.

The new list will include two Crimean firms active in the energy sector, one EU diplomat said. Other diplomats said four or five Crimean companies or organizations would be targeted.

The final decision on extra sanctions will only be taken by EU foreign ministers on Monday, taking account of developments over the weekend when pro-Russian separatists plan to hold an independence referendum in eastern Ukraine, the diplomats said.

European Budget Commissioner Janusz Lewandowski told Polish broadcaster TVN 24 BiS on

Friday he expected the EU on Monday to strengthen sanctions against individuals and entities linked to Russia's intervention in Ukraine.

The names of the people and companies set to be added to the sanctions list are kept secret until publication but they are unlikely to include any well-known Russian companies such as energy giant Gazprom.

The companies set to be added to the list on Monday are Crimean branches of Ukrainian companies that have been taken over by Russians, one EU diplomat said.

EU diplomats reached a preliminary agreement this week to expand the legal criteria for imposing sanctions on Russia, with the goal of making it easier to freeze the assets of companies involved in the Ukraine crisis.

The new rules say the EU could target entities in Crimea "whose ownership has been transferred contrary to Ukrainian law, or legal persons, entities or bodies which have benefited from such a transfer", according to a text quoted by EU diplomats.

Foreign ministers meeting in Brussels on Monday are expected to endorse that agreement and then adopt the additions to the sanctions list that reflect the new criteria by including some companies.

There have been violent clashes in eastern Ukraine, parts of which have been taken over by pro-Russian separatists.

Yet despite the turmoil, the EU is not yet prepared to move to hard-hitting trade or financial sanctions on Russia, of the kind its leaders threatened in March to impose if Moscow took further steps to destabilize the situation.

Many EU governments fear that tough sanctions could lead to Russian retaliation and damage their own economies. They are also wary of antagonizing a major supplier of energy to the EU.

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