

Russia, EU Wage Phony War Over Sanctions at WTO

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As the war of sanctions and trade bans between Russia and the West smolders, parties on both sides have brandished the World Trade Organization as the final judge of the other's offenses, threatening to transform their deliberately temporary sanctions into a drawn out and acrid court process.

But as Poland officially urges the European Commission to take Russia to the WTO over its bans on EU food imports, Russian politicians should hope the conflict never gets that far, analysts said.

Russia's food bans are significantly easier to fight at the WTO than EU sanctions, said Ian Bond, director of foreign policy at the London-based think tank Center for European Reform.

"[EU sanctions] have avoided any outright bans or tariffs on Russian exports," Bond said. "Paradoxically, the fact that the EU has not really gone down the line of the so-called sectoral sanctions ... may actually make it much more difficult for the Russians to make a case in the WTO."

The EU and U.S.'s harshest sanctions, imposed in late July in an attempt to force Russia into ceasing its support of separatist rebels in war-torn eastern Ukraine, cut off state-owned Russian banks' access to long-term debt in Western capital markets and restricted bans on exports of sensitive technologies to Russia. While going further than any previous Western measures, economists agreed that the full scope of the damage would only be seen in the long term.

Russia's food bans earlier this month, on the other hand, had an immediate and drastic impact on trade, diverting food imports worth a total of about \$9 billion a year from the U.S., the EU, Canada, Australia and Norway.

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Poland was one of the EU countries that suffered the fiercest losses from the import bans. Agriculture Minister Marek Sawicki said previously that Poland will lose 750 million euros (nearly \$1 billion) from the Russian import bans, which cut off 50 percent of Polish food exports, RIA Novosti reported.

But no matter its outrage, Poland can do little more than ask: As an EU member, it will have to wait for the word of European Trade Commissioner Karel de Gucht.

A spokeswoman for De Gucht's office said Wednesday that the EU is considering and developing various responses, including "actively preparing a procedure for a possible launching of a request for consultations under the WTO dispute settlement procedure."

A source in the WTO on Wednesday said no complaint has been received.

While the EU's response remains to be seen, Bond said there is reason to think that De Gucht may be prepared to take Russia to task.

"De Gucht has shown an increasing willingness in the last few months to take on the Russians at the WTO ... and so I think its quite likely De Gucht will be willing to take up the cudgels on behalf of the Poles," Bond said.

This would not necessarily mean a case specifically against Russia's food bans, he added. The Commission would choose from various complaints against Russia and select the case where its chances are strongest.

Despite hopes of a new dawn in trade relations following Russia's accession to the WTO in 2012, the EU has complained of numerous Russian violations over the last two years. The EU filed a case against Russia last year over "recycling fees" that were charged for imported vehicles, and opened another case earlier this year over a ban on European pork imports.

These issues have left a bad taste in European mouths, a taste that has only grown more bitter throughout the crisis in relations this year.

On the face of it, Russian politicians would appear eager to battle it out in court. Economic Development Minister Alexei Ulyukayev threatened to go to the WTO as early as April, following the first round of U.S. sanctions, and Prime Minister Dmitry Medvedev said in June that Russia had sent a communique to the organization on the subject.

But several months on, no case has materialized. This could be on account of the lengthy procedures for preparing a case against the U.S. and EU sanctions, which are "quite difficult" to contest in court, said Alexei Portansky, a professor in the Trade Policy Department of the Higher School of Economics.

There could also be an ulterior motive, he added.

"It is possible that Russia wanted, not having submitted its complaints to the WTO, to declare sanctions in response," he said.

See also:

[Poland Asks EU to Complain to WTO About Russia Food Ban](#)

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