



U.S. Sends Putin a Reminder to Stop Meddling in Ukraine

David Francis

December 22, 2015

The U.S. Treasury Department issued new sanctions Tuesday to punish Moscow-inspired meddling in Ukraine — this time against 34 Russian and Ukrainian people and firms accused of evading earlier imposed financial penalties.

The action marks the first time the United States has stepped up sanctions related to ongoing aggressions in Ukraine since Moscow began its bombing campaign against the Islamic State in September. Since then, President Barack Obama's administration has repeatedly called on Russian President Vladimir Putin to target the Islamic State, not prop up the regime of Syrian President Bashar al-Assad.

The focus on the Islamic State has drawn attention away from the crisis in Ukraine. Putin still holds Crimea, and Russian troops continue to back pro-Russian separatists in eastern Ukraine.

In a statement, John E. Smith, acting director of Treasury's Office of Foreign Assets Control, said the new penalties demonstrate an "unwavering resolve to pressure Russia to respect the security and sovereignty of Ukraine." He said all sanctions would stay in place until Russia abides by the terms of a peace deal reached in Minsk, Belarus, earlier this year.

A cease-fire between Ukraine and the separatists is set to take effect at midnight Tuesday. Past lulls in fighting have yet to endure.

Many of the individuals targeted by the Treasury have ties to top-level oligarchs like Gennady Timchenko and Arkady Rotenberg — both of whom are among Putin's closest allies.

Subsidiaries of Russian banks VTB and Sberbank, two entities blocked from the U.S. market, are also included.

The additional penalties were announced a day after the European Union agreed to continue earlier imposed sanctions against Russia for six months. However, there are growing concerns that Europe's consensus on the sanctions is starting to crack, most notably in Italy and France, two nations with strong energy ties to Moscow.

Russia quickly condemned the new sanctions after they were announced Tuesday.

The expanded penalties are “a continuation of this unfriendly stance towards Russia, a continuation of the stance which has a devastating impact on bilateral relations,” Putin spokesman Dmitry Peskov said, according to Russian state media. “Certainly, based on the reciprocity principle, the Russian side will initially review these decisions taken [by the U.S.] and then pool proposals on possible countermeasures.”

There are growing questions over whether these kinds of economic penalties are an effective deterrent to Putin. A study published by Emma Ashford, an energy expert at the Cato Institute, shows they have done little to check the Russian strongman.

“After the initial round of sanctions, the Kremlin's aggression only grew: Russia formally absorbed Crimea and upped its financial and military support for pro-Russian rebels in eastern Ukraine,” Ashford wrote in the upcoming January/February edition of *Foreign Affairs*.