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## The European Union and the Trade War with Russia (III)

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### A comparative analysis of the trading positions of Russia and the US in the European Union

There is no doubt that the US is trying to involve every EU country in an economic war with Russia, regardless of the volume of their trade with Russia. There are no extra bayonets in war, and Washington is using the carrot and stick technique to turn European countries into such 'bayonets'. The EU, for example, regularly has a positive trade balance with the US, and that is the carrot being received by Brussels in exchange for its loyalty to Washington. Europe's positive trade balance with the US, by the way, is almost exactly equal to Europe's negative trade balance with Russia (see Table 7).

*Table 7.*

#### EU trade (imports and exports) with the US and Russia (billions of euro)

Imports

Exports

Trade balance

	2012	2013	2012	2013	2012	2013
US	206.6	196.1	293.2	288.3	+86.5	+92.3
Russia	215.1	206.5	123.4	119.8	-90.8	-85.9

Source: Eurostat

Brussels understands perfectly well that if it does not join America's anti-Russian sanctions, its positive transatlantic trade balance will begin to dwindle. Washington will begin to take away the 'carrot' in the form of a positive balance. But even if Brussels does join in with the sanctions, it still does not mean that its negative trade balance with Russia will decrease. Europe is afraid that, on the contrary, it will grow. The scenario for developing a trade war is simple. Moscow will block their exports to its own markets of various goods (which Moscow will be able to buy in China and elsewhere around the world). But then Europe will be unable to reduce its energy imports. Quickly, at any rate. So Brussels has to constantly think about what is more beneficial: getting involved in Washington's sanctions or resisting them completely. As can be seen from Table 7, the 'carrot' for the whole of the EU in the form of a positive trade balance with the US reached €92 billion in 2013. This is once again what is referred to as 'the average temperature in hospital', however, a hospital in which there are 28 'patients' with varying severities of disease. Let us try and examine the conditions of these 'patients' individually.

To answer the question of which option certain EU countries might lean towards – taking part in sanctions against Russia or resisting the US' attempts to drag them into sanctions – a comparative analysis needs to be done of the foreign trade positions of Russia and the US in each EU country.

**Table 8.**

**The positions of Russia and the US in merchandise trade with EU countries (2012)**

EU member country	Share of the country's total exports (%) and position among the top five exporters (in brackets)		Share of the country's total imports (%) and position among the top five importers (in brackets)	
	Russia	US	Russia	US
Austria	2.5 (4)	5.3 (3)	-	3.1 (4)
Belgium	-	5.9 (2)	2.5 (4)	6.3 (2)
Bulgaria	2.7 (5)	-	20.2 (2)	-
Croatia	3.4 (4)	2.9 (5)	7.6 (2)	-
Cyprus	-	3.2 (3)	-	1.3 (5)
The Czech Republic	3.9 (2)	2.3 (3)	5.7 (3)	2.1 (5)
Denmark	-	5.5 (3)	1.2 (5)	2.8 (4)
Estonia	17.5 (2)	6.5 (3)	11.8 (2)	-
Finland	9.9 (2)	6.0 (3)	17.6 (2)	3.1 (5)
France	2.1 (5)	6.1 (2)	2.3 (5)	6.4 (3)
Germany	3.5 (5)	7.9 (2)	4.7 (4)	5.7 (3)
Great Britain	-	13.3 (2)	-	8.9 (2)

Greece	-	3.8 (3)	12.4 (2)	-
Hungary	3.2 (2)	2.4 (3)	8.8 (2)	2.0 (4)
Ireland	-	19.7 (2)	-	13.0 (2)
Italy	2.6 (5)	6.8 (2)	4.8 (3)	3.3 (5)
Latvia	11.4 (2)	-	9.4 (2)	-
Lithuania	18.9 (2)	-	32.3 (2)	-
Luxembourg	1.3 (5)	2.9 (2)	-	8.5 (2)
Malta	-	-	2.5 (4)	-
The Netherlands	1.6 (4)	4.6 (2)	5.2 (4)	6.8 (3)
Poland	5.5 (2)	2.0 (4)	14.6 (2)	2.6 (4)
Portugal	-	4.1 (3)	-	-
Romania	2.3 (3)	1.9 (4)	4.4 (2)	-
Slovakia	4.2 (2)	1.9 (4)	9.9 (2)	-
Slovenia	4.5 (3)	-	1.9 (5)	2.3 (4)
Spain	-	4.1 (2)	3.2 (4)	3.9 (3)
Sweden	2.0 (5)	6.0 (3)	5.3 (3)	3.2 (5)

\* A dash indicates that Russia or the US ranks lower than fifth in the country's exports (imports).

Source: *World Trade Organization*

What conclusions can be drawn from Table 8?

Let us first look at the **countries that are of low importance to the US, to Russia, and to both the US and Russia**. We will assume that where Russia and the US rank lower than fifth in the exports and/or imports of the EU country, then the exports and/or imports are of lower importance to this country. And so we can glean the following.

*Lists of countries according to the export importance of Russia and the US (the importance of Russia and the US as markets)*

1. **EU countries for whom exports to Russia are of low importance:** Belgium, Great Britain, Greece, Denmark, Ireland, Spain, Cyprus, Malta, and Portugal. A total of nine countries.

2. **EU countries for whom exports to the US are of low importance:** Bulgaria, Latvia, Lithuania, Malta, and Slovenia. A total of five countries.

3. **EU countries for whom exports to both the US and Russia are of low importance:** There is only one country like this among all 28 EU member states, and that is Malta.

4. **EU countries for whom exports to the US are of greater importance than exports to Russia:** Austria, Belgium, Great Britain, Germany, Greece, Denmark, Ireland, Spain, Italy, Cyprus, Luxembourg, the Netherlands, Portugal, France, and Sweden. A total of 15 countries.

5. **EU countries for whom exports to Russia are of greater importance than exports to the**

US: Bulgaria, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Finland, Croatia, the Czech Republic, and Estonia. A total of 12 countries.

***Lists of countries according to the import importance of Russia and the US (the importance of Russia and the US as suppliers of goods)***

1. **EU countries for whom imports from Russia are of low importance:** Austria, Great Britain, Ireland, Cyprus, Luxembourg, and Portugal. A total of 6 countries.

2. **EU countries for whom imports from the US are of low importance:** Bulgaria, Greece, Latvia, Lithuania, Portugal, Romania, Slovakia, Croatia, and Estonia. A total of nine countries.

3. **EU countries for whom imports from the US and Russia are of equally low importance:** There is only one country like this among all 28 EU member states, and that is Portugal.

4. **EU countries for whom imports from the US are of greater importance than imports from Russia:** Austria, Belgium, Great Britain, Germany, Denmark, Ireland, Spain, Cyprus, Luxembourg, the Netherlands, Slovenia, and France. A total of 12 countries.

5. **EU countries for whom imports from Russia are of greater importance than imports from the US:** Bulgaria, Hungary, Greece, Italy, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Finland, Croatia, the Czech Republic, Sweden, Estonia. A total of 15 countries.

Let us now compare the lists of countries according to the export importance and the lists of countries according to the import importance of the US and Russia. The lists reveal an interesting pattern: where the US dominates the exports of a European country, it also dominates its imports. And, in exactly the same way, where Russia dominates a country's exports, it also dominates its imports. There is only a small group of countries in which the positions of the US and Russia are mixed (the domination of just exports or just imports). The results of comparing the lists can be seen in Table 9.

***Table 9.***

**The grouping of EU member states in relation to the trading positions of the US and Russia in these countries.**

Category of countries	Countries of which the US dominates trade comparison with Russia	Countries in which the US dominates trade comparison with Russia	Countries in which Russia dominates trade comparison with US	Countries in which the positions of the US and Russia are mixed
Name of country	Austria	Bulgaria	Greece	Italy
	Belgium	Hungary		

	Great Britain	Latvia	Slovenia
	Germany	Lithuania	Sweden
	Denmark	Malta	
	Ireland	Poland	
	Spain	Romania	
	Cyprus	Slovakia	
	Luxembourg	Finland	
	The Netherlands	Croatia	
	Portugal	The Republic	Czech
	France	Estonia	
Number of countries	12	12	4

Opposition to the introduction of sanctions by Brussels against Russia will primarily arise in those countries in which Russia is relatively dominant in foreign trade compared to the US (there are 12 such countries in the EU). At the same time, Washington's political dominance in some of these countries will exacerbate the socio-political situation. Public opinion polls in Lithuania, Latvia and Estonia, for example, show that the vast majority of respondents are opposed to their country's involvement in sanctions, and, since Brussels started going along with US sanctions, the percentage of respondents in favour of their country's withdrawal from the European Union has begun to rise.