War in Ukraine

Allies resist US plan to ban all G7 exports to Russia

EU and Japanese diplomats say that Washington's proposal is 'simply not do-able'



A shipping terminal in Yokohama, Japan. G7 leaders meet in Hiroshima in May for a summit on the effects of Russia's war against Ukraine © Kiyoshi Ota/Bloomberg

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The EU and Japan have pushed back against a US proposal for G7 countries to ban all exports to Russia, as part of negotiations ahead of a summit of the world's most advanced economies.

A G7 leaders' statement being drafted for their meeting in Hiroshima next month includes a pledge to replace the current sector-by-sector sanctions regime against Russia with a complete export ban with a few exemptions, according to documents seen by the Financial Times. The full export ban would include exemptions for agricultural, medical and other products.

The proposal was made by the US, according to two officials. It comes amid rising frustration in Washington with the existing system riddled with loopholes that allow Russia to <u>continue to import western technology.</u>

But representatives from Japan and EU countries suggested in a preparatory meeting last week that such a move would not be feasible, according to three people briefed on the discussions. "From our perspective it is simply not do-able," said one of the officials, who spoke on condition of anonymity.

The White House's National Security Council declined to comment on conversations with G7 partners but said the US would "continue to look for ways to hold Russia accountable".

"In coordination with our G7 partners have put in place the largest set of sanctions and export control actions ever imposed on a major economy," said an NSC spokesperson. "These actions have had a significant impact, undercutting Russia's ability to fund and fight its unjust war."

The disagreement over the measure underscores the <u>lack of additional options</u> available to G7 leaders as they seek to increase the economic punishment for Vladimir Putin's regime after 14 months of war, following a number of sanctions measures that were designed to cut off vast swaths of Russia's economy from western imports of technology, machinery and finance.

<u>Cracking down on sanctions evasion</u> and circumvention by third countries is the main focus of the US, UK, EU and other allies, with increased pressure on states such as Turkey, the UAE and countries in central Asia that have increased trade with Russia since western sanctions were imposed.

G7 leaders will meet in Hiroshima on May 19 for a three-day summit set to focus on the effects of Russia's <u>war against Ukraine</u>, economic security, green investments and the Indo-Pacific region.

The EU, which is a member of the G7 alongside the US, UK, France, Germany, Italy, Japan and Canada, requires all of its 27 members to agree on sanctions policy.

It has agreed on 10 packages of sanctions against Russia since February 2022, but only after weeks of wrangling between member states, some of whom have secured carve-outs and exemptions for their industries by threatening to veto the restrictions.

Replacing that regime with a full export ban plus exemptions would risk reopening those debates and the potential weakening of existing measures, officials said.

Other less-contested proposals listed in the draft statement, which could change before the summit, include more measures to restrict "evasion and circumvention" of existing sanctions and against those "wilfully supporting the financing of Russia's war", including financial transactions facilitators. G7 countries will continue to reduce their Russian energy imports and prevent "the reopening of avenues previously shut down by Russia's weaponisation of energy", the draft statement says. In addition, leaders will announce plans to introduce a "traceability mechanism" on Russian diamonds to reduce the Kremlin's earnings from their export.

Additional reporting by Leo Lewis in Tokyo

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