

U.S., allies to end normal trade ties with Russia.

U.S. President Joe Biden announced on Friday that the U.S. and others in the Group of Seven (G7) advanced economies would end normal trade relations with Russia as Moscow pursues its invasion of Ukraine. The G7 released a statement shortly after Mr. Biden's speech, announcing these measures.

"... Each of our nations is going to take steps to deny Most Favoured Nation status to Russia," Mr. Biden said at the White House. "Most Favoured Nation status designation means two countries have agreed to trade with each other under the best possible terms: low tariffs, few barriers to trade and the highest possible imports allowed."

Mr. Biden thanked both Democrat and Republican lawmakers for their support to end Permanent Normal Trade Relations (PNTR), the U.S.'s version of MFN, for Russia. He also thanked House Speaker Nancy Pelosi for holding off on any action while he consulted allies. The White House has been under pressure from both sides of the aisle on Capitol Hill to continue hardening its approach to Moscow.

While the closing off of trade in goods and services with the U.S. is likely not to be of significant impact on Russia on its own, the ending of trade with key European economies, implemented in concert with the U.S., is likely to hurt more. U.S.-Russia bilateral two way trade in goods and services was just under \$35 billion in 2019 as per official U.S. data — the bulk of this (\$24 billion) were imports of Russian goods to the U.S.

Additional steps announced by Mr. Biden on Friday included an effort by the G7 to stop Russia borrowing from international institutions such as the World Bank and the International Monetary Fund.



“He [Russian President Vladimir Putin] cannot pursue a war that threatens the very foundations... of international peace and stability, and then ask for financial help from the international community,” Mr. Biden said.

Mr. Putin also announced banning of imports from Russia’s key sectors — seafood, vodka and diamonds. He also announced further measures against Russian oligarchs and said that new names would be added to the sanctions list. The U.S. and some allies — such as the E.U. — have already been going after the assets of Mr. Putin’s powerful friends, such as seizing their yachts and freezing their financial assets.

“They steal from the Russian people and they seek to hide their money in our countries,” Mr Biden said on Friday. “ They must share the pain of the sanctions.”

No Direct Confrontation

Mr. Biden reiterated that the U.S. would ensure that Ukraine had the weapons it needed to fight Russia, but ruled out any direct conflict with Russia on Ukrainian soil, saying a NATO-Russia confrontation would be tantamount to “World War Three”.

Also on Friday morning, a meeting of the UN Security Council, convened by Russia, to discuss “military biological activities” by the U.S. in Ukraine, was underway. The White House had said that the U.S. was neither developing nor in possession of biological or chemical weapons and that Moscow was preparing for a possible “false flag” operation.

Asked by a reporter for the basis of the false flag assessment, Mr. Biden said he was not prepared to discuss the intelligence behind it. “I’m not going to speak about the intelligence but Russia would pay severe price if they uses chemical weapons,” he said.

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Expected Question (Prelims Exams)

- Q. What does the Most Favoured Nation (MFN) status principle under WTO is based on?
- (a) discrimination on the basis of developed and under developed nation
 - (b) Free trade among developed nations.
 - (c) No-Discrimination between Nations
 - (d) None of the above.

Expected Question (Mains Exams)

- Q. What is most favoured nation status (MFN)? Discuss how MFN status affects the trade relations of a country with other countries. (250 Words)

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Note: - The question of the main examination given for practice is designed keeping in mind the upcoming UPSC main examination. Therefore, to get an answer to this question, you can take the help of this source as well as other sources related to this topic.