INSTITUTE OF NEW EUROPE 2024

Sanctions on Russia

Effective instrument or empty rhetoric?

Editor: Jan Starosta
Co-authors: Zuzanna Cichowska and Michał Kościński
Translation and proofreading: Michał Szczesniewski
Set: Sandra Krawczyszyn-Szczotka

About INE

The Institute of New Europe is a research centre focusing on analytical research in the fields of international politics, economics, security and new technologies, and has a particular emphasis on the side of European integration and the role of Poland in this process.

The Institute's mission is to lay substantive foundations and to encourage discussion on the future of Europe in the changing world order and global technological race. It also aims to strengthen and improve national and EU institutions and influence the shape and direction of Polish European and foreign policy. A fundamental part of this mission is to raise public awareness of the processes involved in the integration of Europe.

The Institute pursues its mission by creating new solutions for public policy, establishing a platform for scientists, researchers, journalists and commentators to exchange ideas, and also by increasing public access to expert knowledge.

We publish reports, in-depth expert analysis and current commentaries, studies and explorations. Furthermore, we establish competence centres and analytical and research programmes (such as Europe, Indo-Pacific, Security and the Three Seas). We cooperate with Polish and foreign expert centres.

About Authors

Jan Starosta
Head of the Project Office at the Institute of New Europe. He holds a degree in Quantitative Methods in Economics and Information Systems from the Warsaw School of Economics. Member of the Polish Economic Society and the Young Diplomats Forum. Winner of the 2024 Young Experts Day competition. His research interests include defense diplomacy and military affairs, international security, and public finance.

Zuzanna Cichowska
Studied German Studies and International Relations at the University of Warsaw and participated in an exchange program at the University of Cologne. She gained her first editorial experience at 2news.pl and 300Gospodarka.pl. Professionally and personally, she is closely engaged with topics related to German politics. Her interests include international politics and diplomacy, and she is a Women in International Security Polan memberd.

Michał Kościński
Graduate in International Relations from the University of Warsaw, specializing in international trade policy. His research interests include international economic organisations and the European Union's trade policy. Member of the Young Diplomats Forum.

Translation and proofreading: Michał Szcześniewski
Set and graphics: Sandra Krawczyszyn-Szczotka

Introduction

The West responded to Russia's invasion of Ukraine by gradually introducing sanctions packages aimed at isolating Russia and impacting its society, elites, economy, and military capabilities. Initial sanctions were imposed following Russia's annexation of Crimea in 2014.

Sanctions—or restrictive measures—have been a key economic impact tool under the CFSP (Common Foreign and Security Policy) since the early 1990s. However, only recently there has been heightened interest in this aspect of foreign policy among the European Commission and member states. Sanctions adoption remains largely the domain of individual foreign ministries and the FAC (Foreign Affairs Council). [1]

Meanwhile, the responsibility for implementing sanctions is delegated to specific institutions within member states. This decentralized approach to sanctions can create challenges in forming a cohesive front and may undermine policy legitimacy. Particularly in cases where sanctions affect exports from European countries, there can be a temptation to breach the unified sanctions stance.

Since their inception, many myths have developed around the sanctions imposed by the West, the most significant of which include the following:

1. **Sanctions impact European countries more than Russia itself,**
2. **Sanctions are an ineffective tool for influencing the economy,**
3. **Russia is unaffected by sanctions imposed by the collective West.**

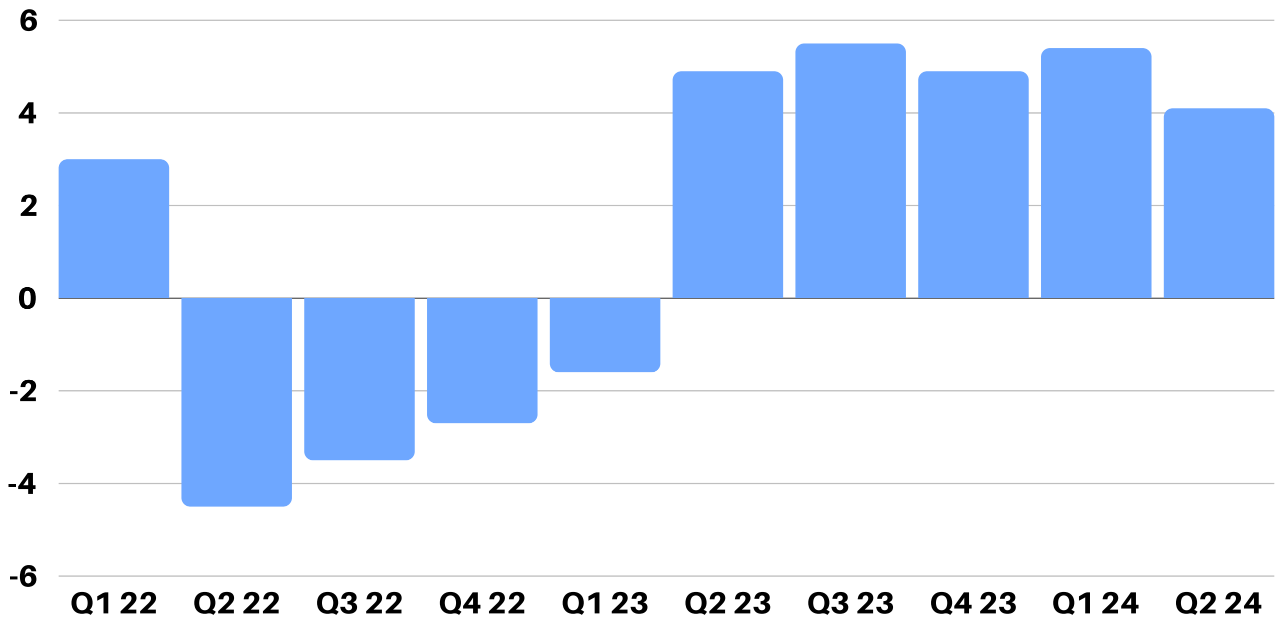
While Russia has taken steps to offset the impact of sanctions, it remains true that sanctions are inherently long-term tools. To date, more sanctions have been imposed on Russia than on Iran, Cuba, and North Korea combined. This extensive set of measures has been termed the "sanctions revolution," as never before have sanctions impacted so many aspects of an economy, the people, and the institutions.

An important, albeit indirect, effect of the sanctions imposed has been the drive to reduce dependency on Russian coal, oil, gas, and other energy products. Achieving energy independence from Russia enhances resilience and security while undermining the Falin-Kvitsinsky doctrine. This doctrine, formulated by Yuli Kvitsinsky and Valentin Falin, envisioned gas and oil exports to former Warsaw Pact countries as tools for exerting pressure and projecting influence by the Russian Federation.

The state of the Russian economy after 2 years of war

There is no consensus among economists on the precise direction of the Russian Federation's economy, and opinions among researchers remain divided. What is clear, however, is that Russia is doing whatever it takes to prioritize the funding of the war effort. This is reflected in the shift of its economy increasingly toward a wartime footing.

If we look at the "pure numbers", primarily GDP, Russia's economy is currently growing faster than that of the G7 countries. In 2023, the Russian economy grew by 3.6%, outpacing the Eurozone's growth of 0.4%. According to preliminary data, Russia's GDP grew by 5.4% in the first quarter of 2024. The International Monetary Fund projects Russia's GDP growth at 3.2% for 2024.



RUS GDP - Average Annual Growth Rate - percentage

Source: tradingeconomics.com

This year, budget revenues from oil and gas rose by 79% year-on-year, driven by higher oil prices and a weaker ruble. Additionally, aggressive tax policies and a mild economic recovery boosted other tax revenues by 43%. Meanwhile, spending increased by 20%. This suggests that, at least in budgetary terms, Russia can afford a prolonged war. Furthermore, the recent appointment of a civilian economist as defense minister is, according to commentators, expected to further shift the economy toward a wartime footing.

The Russian Federation's GDP growth is largely driven by a significant increase in arms production. However, as experts note, the Russian economy is becoming monothematic and increasingly reliant on war, which can lead to exhaustion. GDP growth does not necessarily translate to an increase in societal wealth. Russian-issued bonds are becoming increasingly profitable, but the ruble remains extremely weak. As of August 31, 2024, one U.S. dollar costs Russians 90.53 ruble.

It is worth noting that the real income of Russian residents from 2013 to 2023 has changed little, despite the average growth of the Russian economy being 1.8% per year.

According to British intelligence, the Kremlin has decided to increase corporate taxes. The top income tax rate is set to rise from 15% to 22%, which is expected to generate approximately EUR 25 billion next year. In this year's budget, Russia anticipates a deficit of EUR 16 billion. Additionally, Russian bond yields are currently at 15% per year.

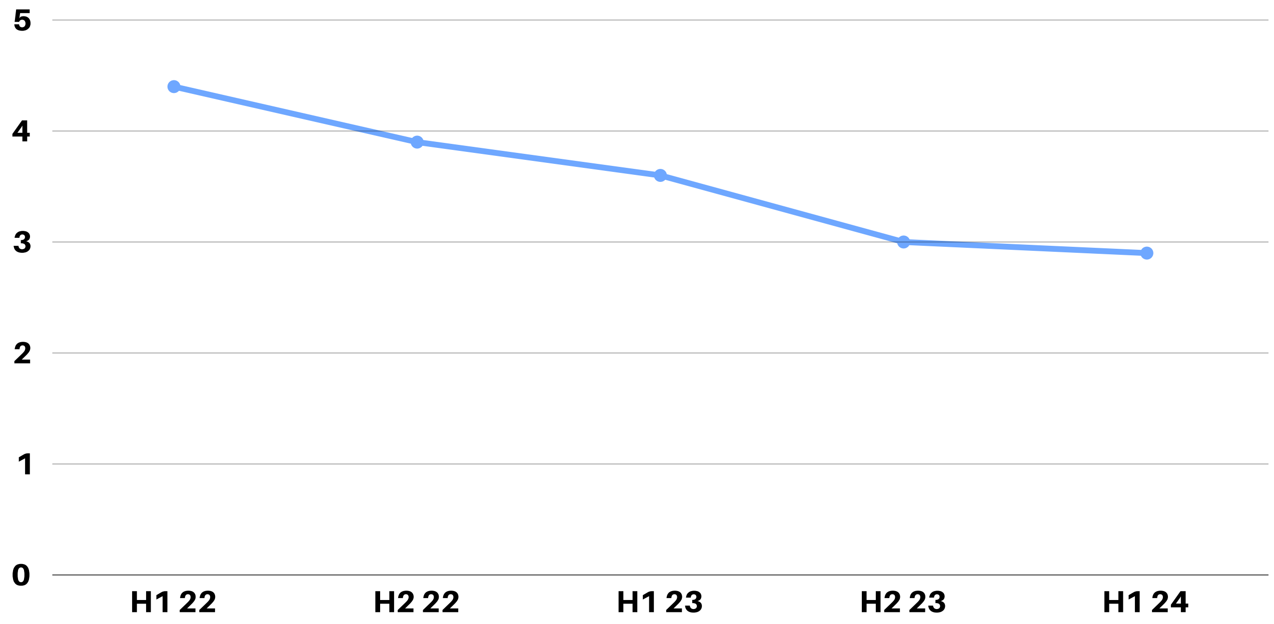
During the two years of the war, investment in Russia grew at an average annual rate of 8.3%, which is relatively good. However, 70% of these investments were either forced investments aimed at mitigating the impact of sanctions or targeted at increasing war production. This indicates that the underlying growth potential of these investments is very low. The two strongest growing sectors are the war-related mechanical engineering complex, which grew by 17.9%, and the pharmaceutical industry, which saw a growth rate of 7.4%.

It should be noted that Russia has had considerable success in circumventing Western sanctions aimed at energy exports. In March 2024, revenues from oil and oil products exports exceeded EUR 600 million per day, which is higher than during the same period a year ago.

This is largely due to maintaining the volume of oil exported by sea. Russia has quickly adapted to circumvent the restrictions imposed on tankers transporting oil. There is no shortage of willing buyers for Russian oil, including China, India, Turkey, and Brazil.

Additionally, the impact of the price cap on oil sold by Russia, imposed by the G7 countries, has been marginal.

Russian unemployment is not currently a pressing concern for the authorities. It stood at 4.4% in January 2022 and has been on a downward trend ever since, reaching 2.9% in January 2024. [3] However, this indicator can be misleading; a significant number of able-bodied individuals leaving Russia lowers the unemployment percentage by reducing the overall labor force. Additionally, the unemployment rate does not account for those on unpaid leave or the percentage of the population that is militarized.



Unemployment rate in RD between 2022 and 2024

Source: Statista

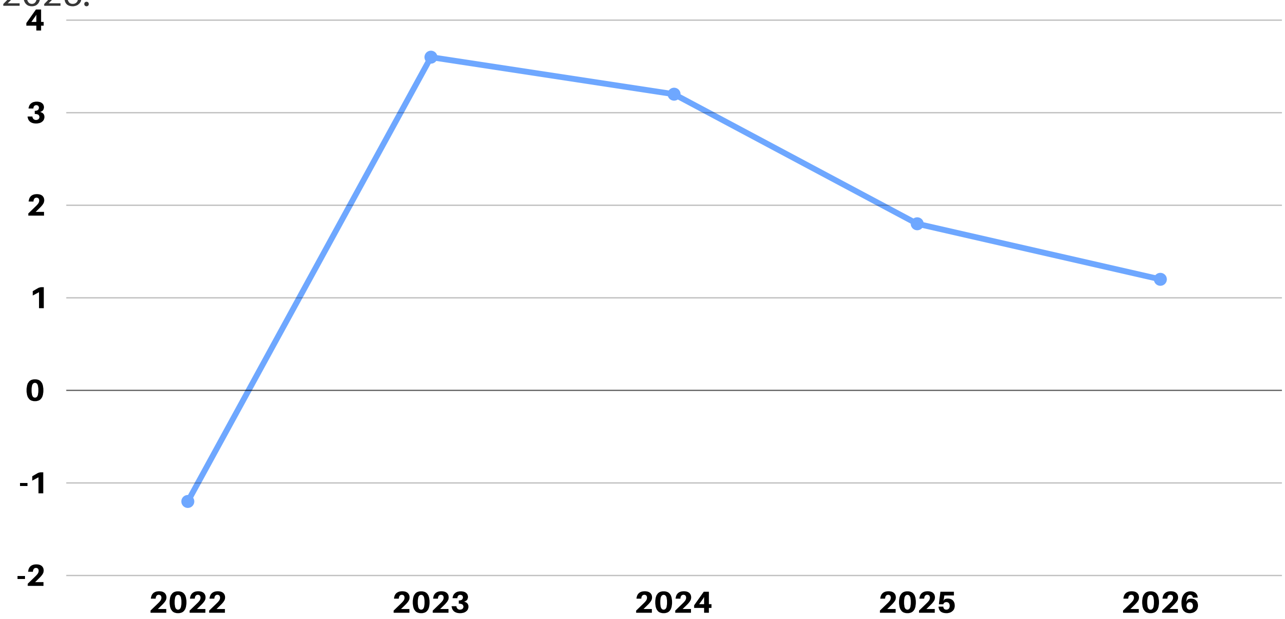
Last year, the head of Russia's Central Bank, Elvira Nabyullina, raised the interest rate to 16 percent, hoping that a stringent monetary policy would help curb inflation. However, this approach has not been successful, as inflation continues to rise. On July 26, the Central Bank of Russia decided to increase the main interest rate from 16 percent to 18 percent.

In July 2024, Russia's exports totaled USD 33.692 billion, while imports reached USD 24.995 billion. The Russian economy is heavily reliant on commodity exports, with revenues from the sale of oil, petroleum products, and natural gas accounting for about half of the federal budget. The main export commodities from Russia include fuels and energy products (63 percent of total exports, with oil and natural gas accounting for 26 percent and 12 percent, respectively), metals (10 percent), machinery and equipment (7.4 percent), chemical products (7.4 percent), and foodstuffs and agricultural products (5 percent).

Predictions of Russia's economic development

The Russian Federation's budget for the next three years is expected to be EUR 376 billion per year, with estimated military spending accounting for 38% of the budget (approximately EUR 150 billion annually). This year, military spending is likely to represent around 30% of the total budget.

The Ministry of Economy of the Russian Federation anticipates GDP growth of 2.8% for this year, while the International Monetary Fund (IMF) forecasts a growth rate of 3.2%. Additionally, the IMF projects Russian GDP growth of 1.8% for 2025.



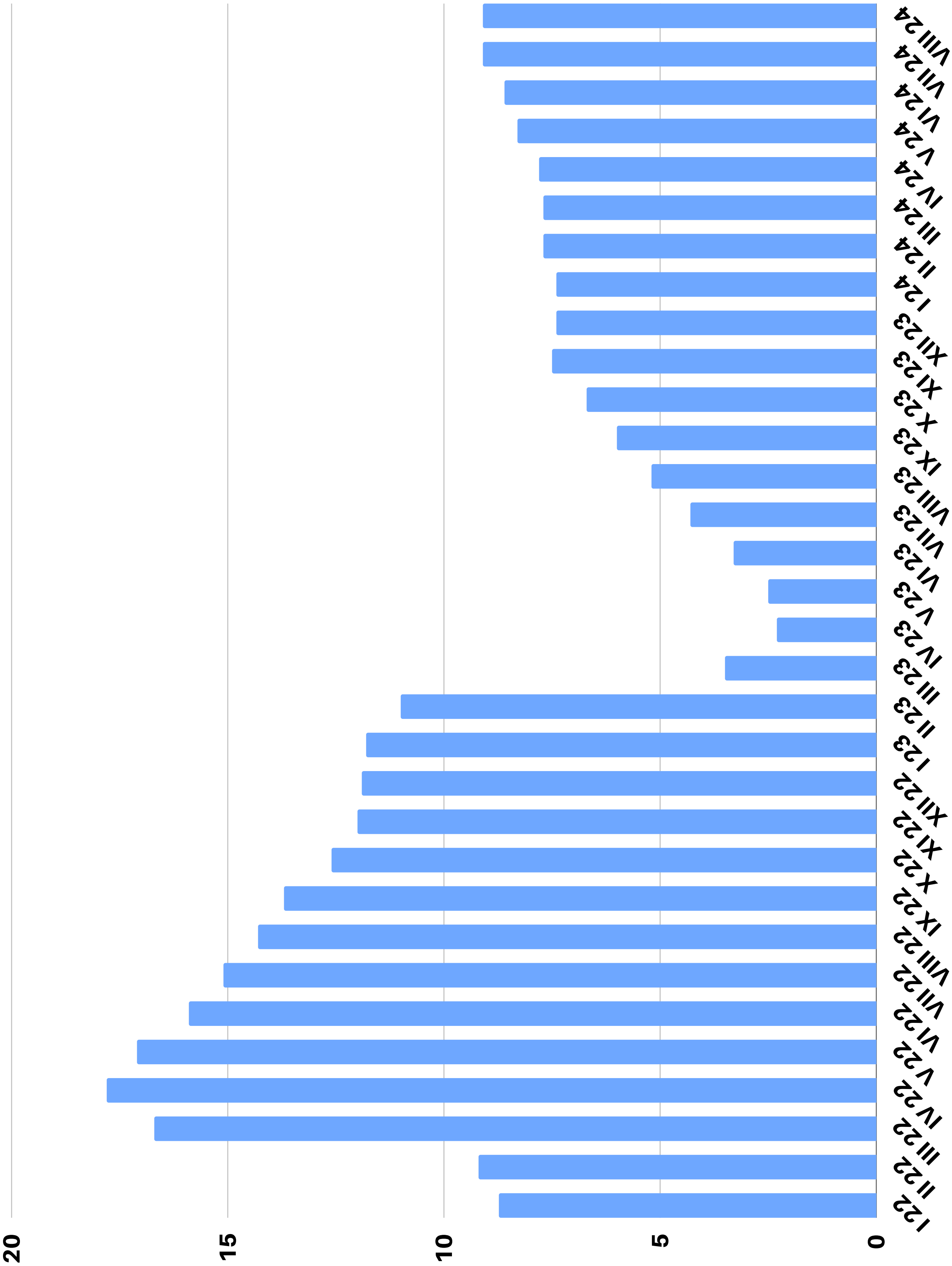
Russia's GDP annual growth and its 2024-2026 projection

Source: IMF

Ending the war would have significant implications for the Russian economy. First, a large amount of military equipment produced in Russia would likely go unsold, potentially leading to a recession after the war—similar to the situation faced by the U.S. after World War II. Additionally, it may be challenging to find customers for such a substantial volume of military production.

The future of the Russian economy will certainly depend on global commodity prices, the opening of new markets, and the extent to which sanctions are tightened. Equally important will be the demographic challenges and the shortage of manpower. All these factors will be influenced by the outcome of the war.

Economists such as Anders Åslund, Jeffrey Sonnenfeld, Michał Wyrębkowski, and Tymofiy Mylovanov emphasize that Russia's economy is being cannibalized to finance the war. Financial, production and human resources have been extensively redirected to the war sector, resulting in a civilian sector unable to satisfy consumer demand. This shortage of goods drives inflation higher, further exacerbated by the ruble's depreciation and rising import costs. Annual inflation in Russia increased from 8.58% in June to 9.13% year-on-year in July. Even high interest rates of 18% have not managed to curb this inflation.



Inflation rate in Russia

Source: tradingeconomics.com

According to a study by the "Re: Russia" project, between July 2023 and June 2024, Russia paid between 2.75 and 3 trillion rubles (30 billion euros) to participants in the war in Ukraine, wounded soldiers, and the families of those killed—equivalent to 2 percent of the country's GDP. Strategic industries in Russia are now competing with the military for workers.

Overall, the Russian economy has shown solid growth across several sectors, and unemployment remains at a record low of 2.4% as of June, driving upward pressure on wages.

However, while the economy is not in crisis, it is not generating real prosperity for its citizens. The Kremlin's war production facilities are already operating at maximum capacity, which is neither a sustainable source of growth nor a sign of a stable economy. Growth based on the current Russian model does not guarantee long-term success or wealth.

Sanctions - definition, goals and characteristics of the concept

According to Prof. Budnikowski, "Economic sanctions are government-imposed restrictions on normal trade relations with a specific country or group of countries, undertaken to achieve a specific economic or political goal." [7]

The primary rationale for sanctions is the belief that the targeted country will suffer economic losses, prompting it to act in line with the objectives of the imposing country or countries.

Sanctions can be divided into commercial and financial types. Commercial sanctions may include bans on exports to and imports from the sanctioned country. Financial sanctions can involve cutting a country off from foreign credit, freezing financial assets and bank deposits, withholding financial assistance, and halting debt restructuring negotiations.

The success of sanctions depends on several key factors, including:

- **Support for the sanctions within the imposing country,**
- **Acceptance of the sanctions by the international community,**
- **Stability in maintaining sanctions and the ability to sustain their long-term impact,**
- **Capacity to offset the negative effects of sanctions on the imposing country over time,**
- **Limited or no product substitution within the sanctioned country,**
- **Anticipated impact on society and elites in the sanctioned country,**
- **The scale of economic losses experienced by the sanctioned country.**

The most effective sanctions are those that cause small but measurable damage, especially when they can be escalated as needed. [8] Sanctions that inflict significant losses tend to consolidate society and are generally less effective.

According to a report [9] published on the European Parliament website, the effectiveness of sanctions against Russia is measured by two main factors:

1. **The multilateral consensus around the sanctions,**
2. **Effectiveness of their implementation.**

The main issue with implementing sanctions imposed by the European Union is that the responsibility is delegated to member states. Since each country conducts its foreign policy, there are often inconsistencies in how sanctions are applied.

Sanctions imposed on Russia

The concept of sanctions is broad and can include:

- **Banning individuals from entry,**
- **Freezing the financial assets of specific institutions and individuals,**
- **Excluding institutions and banks from international financial systems.**

Currently, a ban on entry into the European Union, under personal sanctions, has been imposed on:

- **Vladimir Putin,**
- **Sergei Lavrov,**
- **Roman Abramovich,**
- **Viktor and Oleksandr Yanukovich,**
- **Deputies of the Russian State Duma,**
- **Members of the National Security Council,**
- **High-ranking military officers and officials,**
- **Businessmen, propagandists, and oligarchs,**
- **The Federal Prison Service of the Russian Federation,**
- **Several judges, prosecutors, and judicial personnel who played key roles in imprisoning and contributing to the death of Alexei Navalny.**

Under sectoral sanctions, the bans also include:

- **Armed forces and paramilitary groups, including the Wagner Group,**
- **PJSC Alrosa, the world's largest diamond mining company,**
- **The "All-Russian National Front" movement,**
- **Organizations responsible for re-education programs for Ukrainian children and their deportation.**

Currently, a total of more than **2200** individuals and entities are sanctioned. [10]

Asset freezes under sectoral sanctions now include:

1. **Banks and financial institutions,**
2. **Military and defense companies,**
3. **IT companies,**
4. **Telecommunications companies,**
5. **Insurance companies,**
6. **Enterprises in the aviation industry,**
7. **Shipbuilding enterprises,**
8. **Machinery companies,**
9. **Political parties,**
10. **Armed forces and paramilitary groups,**
11. **Media responsible for propaganda and disinformation,**
12. **LLC Titul enterprise,**
13. **JSC Iliadis,**
14. **Rasperia,**
15. **PJSC TransContainer.**

The economic sanctions in the financial sector include:

1. **Exclusion of 10 Russian banks from SWIFT,**
2. **Restricting Russia's access to EU capital and financial markets,**
3. **Banning transactions with the Central Bank of Russia,**
4. **A ban on the supply of euro banknotes to Russia,**
5. **A ban on cryptocurrency services,**
6. **Requiring approval for the transfer of funds from the EU by entities owned or controlled by Russia,**
7. **A ban on the use of the financial messaging system (SPFS).**

Economic sanctions in the area of transportation include:

1. **Closing EU skies to all Russian aircraft,**
2. **A ban on entry for Russian road carriers,**
3. **A ban on trailers and semi-trailers registered in Russia,**
4. **Closure of EU ports to Russian ships,**
5. **Prohibition of access to EU ports and locks for ships transshipping "side-by-side" in case of suspected violations of sanctions,**
6. **A ban on exports to Russia of goods and technology from the aviation, maritime, and space sectors.**

In December 2021, before the Russian invasion of Ukraine, Russia exported 7.8 million barrels of oil, consisting of 5 million barrels of crude oil and the remainder in further refined products. At that time, Europe was the largest importer of Russian fuels, receiving 2.4 million barrels per day. In June 2022, the sixth package of EU sanctions was introduced, which reduced Russian exports by 1 million barrels per day. [11] On October 6, 2022, the eighth package of EU sanctions was implemented, banning the maritime transport of Russian oil and other fuel products to third countries.

The energy sanctions include:

1. **A ban on oil and coal imports from Russia,**
2. **A price ceiling related to the maritime transport of Russian oil,**
3. **A ban on the import of liquefied propane,**
4. **A ban on providing reloading services for Russian liquefied natural gas (LNG) in the EU for transshipment operations to third countries,**
5. **A ban on new investments to complete ongoing LNG projects,**
6. **A ban on exports to Russia of goods and technologies related to the refining sector,**
7. **A ban on new investments in the Russian energy and mining sectors,**
8. **A ban on making gas storage capacity available to Russians.**

Defense sanctions include:

1. **A ban on exports to Russia of dual-use (civilian and military) goods and technologies used for military purposes,**
2. **A ban on the export of semiconductor materials, electronic and optical components, navigation instruments, as well as drone engines, DC motors, drone servo motors,**
3. **A ban on the sale of weapons, firearms for civilian use and their parts, ammunition, military vehicles, and paramilitary equipment,**
4. **A ban on the export of chemicals, lithium batteries, thermostats, and other goods that could enhance Russia's industrial potential.**

In the area of raw materials and other goods:

1. **A ban on exports to Russia of luxury goods,**
2. **A ban on imports from Russia of diamonds (cut and polished), including jewelry, steel, iron, pig iron, cement and asphalt, copper and aluminum wires, foil, pipes and tubes, wood, paper, synthetic rubber and plastics, seafood, alcohol, cigarettes, cosmetics, and gold, including jewelry.**

Sanctions in the area of services include:

1. **Prohibition on providing the following to Russia or Russian entities: architectural and engineering services, IT consulting and legal advisory services, advertising and market research services, intellectual property rights or trade secrets related to goods and technologies covered by other sanctions, business management software, and industrial design and manufacturing services,**
2. **Exclusion of Russian citizens from owning companies that provide cryptocurrency wallet services or custodial services and from holding management positions in such companies,**
3. **Banning access to ports and providing services to ships that support the Russian war effort.**

Media restrictions include:

Suspension of broadcasting activities in the EU for certain Russian media outlets: Sputnik and its subsidiaries, Russia Today and its subsidiaries, Rossiya RTR/RTR Planieta, Rossiya 24/Russia 24, Rossiya 1, TV Centre International, NTV/NTV Mir, REN TV, Perviy Kanal, Oriental Review, Cargrad TV, New Eastern Outlook, Katehon, Spas TV, Voice of Europe, RIA Novosti, Izvestiya, and Rossiyskaya Gazeta.

Diplomatic and visa measures include:

1. **Suspension of visa facilitation for diplomats and businessmen, including the EU-Russia visa facilitation agreement, suspension of regular EU-Russia summits, exclusion of Russia from G-8 meetings,**
2. **Trade restrictions on the export of equipment that can be used for internal repression, as well as equipment, technology, or software intended primarily for securing information and monitoring or intercepting telecommunications transmissions.**

Examples of circumventing sanctions

Vladimir Putin claims that sanctions do not affect the Russian economy, stating, “We have growth; they have decline.” [12]

However, according to the private Russian polling center Romir, in October 2022, 68% of those surveyed reported a reduction in the supply of goods in stores and noted that they were forced to cut back on consumer spending. [13]

The main challenge in the effective implementation of sanctions is the attitude of other countries, particularly the BRICS nations. The countries in the “sanctions coalition” represent half of the world economy, but two-thirds of the world's population lives in countries that are neutral or favorable to Russia. Key Russian trading partners—BRICS countries such as China, India, Brazil, and South Africa—along with Turkey, do not implement sanctions. Similarly, Central Asian countries bordering Russia and neighboring countries like Armenia exhibit a comparable stance. [14]

How Russia circumvents trade sanctions

Belarus and Kazakhstan are additional countries that facilitate the circumvention of sanctions. A significant amount of goods vital to the Russian military effort enters Russia through the so-called "Belarus gap". Aage Borchgrevink, senior advisor to the Norwegian Helsinki Committee, stated, "Today, the Belarus gap is large enough for an armada of trucks, cars, and other goods to infiltrate from the West to Russia and then to the battlefields of Ukraine." [15] Belarus is regarded as a key gateway for Western goods into central Russia.

Based on data from Lithuania, Poland, and Germany in 2022 and 2023, a total of EUR 10 billion worth of goods reached Belarus. In contrast, Central Asian countries primarily function as intermediaries, and sanctioned goods are unlikely to be transported physically through these nations.

As of today, the sanctions imposed by the EU are multilateral but not global. This creates a loophole for circumventing them, which Russia is exploiting through various means, including exports to third countries, direct or indirect re-exports, and fake transit. Russian exports to Brazil, China, India, and Turkey have increased by almost 50% since the start of the war in 2022. Meanwhile, Turkish exports to Russia have risen by 46% after six months of sanctions. Additionally, the United Arab Emirates has become a haven for Russian businessmen and officials.

How Russia circumvents sanctions in the energy sector

Despite the imposition of significant sanctions on Russian liquefied petroleum gas and fuel exports, India and China have increased their imports to fill the gap left by Western countries. In 2023 alone, India imported USD 37 billion worth of gas, with imports 13 times higher compared to pre-war levels. [16]

Russia is using a “shadow fleet” to export fuel and gas, comprising approximately 1,400 tankers—old, worn-out vessels that lack the required insurance. These ships pose an environmental hazard and are also utilized for Russian grey zone operations, espionage, and surveillance of critical infrastructure. [17]

Ships belonging to the “shadow fleet” have an unclear ownership structure, frequently change names and flags, and generally operate outside the bounds of maritime law. Some specific examples of non-compliance with regulations by shadow fleet vessels include:

1. **Engaging in risky “side-by-side” (STS) exchanges of goods.**
2. **Frequently disabling the Automatic Identification System (AIS).**
3. **Failing to undergo regular maintenance.**
4. **Lacking standard Protection and Indemnity (P&I) insurance; Iranian and Russian insurance is highly inadequate. By October 2023, two-thirds of ships carrying Russian oil had insurance issued by “unknown” institutions.**
5. **Having an unknown ownership structure often involves entities that hide their identity and/or lack a permanent address.**

A key issue enabling the Russian financial system is the adoption of the yuan, which is set to become the most traded currency in Russia. [18] However, the continued use of the yuan may be complicated by China's concerns about potential sanctions on yuan trading.

Some Western goods are purchased through third countries such as Kazakhstan, Belarus, Georgia, and Turkey. Key high-tech products are imported from China; without this support, it would be challenging for Russia to sustain its war machine.

Another example of Russia bypassing sanctions is using India to refine fuel, which is then sold to the UK. While this practice is not illegal under British law, it undermines the coherence of the economic front. According to the British government, there have been no imports of Russian fuels since 2022; however, the fuels are classified as coming from the country where the refining process occurred. [19] This sanctions loophole enables the Russian war machine to continue being funded.

How Russia circumvents sanctions in the arms industry

Key support for Russia's war machine comes from China. Anthony Blinken, the U.S. Secretary of State, stated in an interview with the BBC that approximately 70% of the mechanical tools and about 90% of the microelectronics needed by Russia's weapons industry originate from China. [20] In response, Washington imposed a package of sanctions on 20 companies based in China and Hong Kong. The Chinese government denies selling arms and assures that it is acting following international law.

Beijing exports an average of USD 300 million worth of dual-use goods (with both civilian and military applications) each month. China’s role in supporting the Russian economy amid global sanctions is crucial. It supplies Russia with a variety of goods, including cars, clothing, raw materials, and more. Russian-Chinese trade reached a record USD 240 billion in turnover in 2023, representing a 64% increase compared to 2021. At the Putin-Xi Jinping meeting in May 2024, it was agreed that the two countries would use their currencies for 90% of their trade, rather than the dollar.

Disinformation is a significant tool in Russia's anti-sanctions policy. The country employs diplomatic channels and the global information sphere to attribute rising energy and food prices to the sanctions mechanism. In particular, Chinese media and outlets from African countries that favor Russia are quick to adopt this narrative.

The impact of sanctions on the Russian economy

The sanctions actions taken by the West are impressive; however, Russia anticipated these moves and has been steadily strengthening its resilience to economic shocks since 2014. For example, it has focused on controlling spending, balancing the price of oil per barrel, diversifying the economy, and making it less dependent on Western trade and technology. Russia's largest banks and state-owned companies have conducted stress tests on various scenarios, including blocking individuals' accounts and cutting off access to SWIFT or Western technology. Additionally, Russia has implemented a set of “anti-sanctions” measures, which include increased social transfers, credit subsidies, higher minimum wages, and tax breaks.

Despite the apparent reduction in unemployment, at least 5 million Russian citizens were subject to some form of hidden unemployment at the end of 2022, with a significant number on unpaid leave.

In January 2022, just weeks before the Russian invasion of Ukraine, the International Monetary Fund projected Russian GDP growth of 2.8% for 2022 and 2.4% for 2023, while the World Bank estimated growth at 2.4% in 2022 and 1.8% in 2023. Russia's finance and economics minister predicted that sanctions would result in a 10% drop in growth. Similar analyses were published by the World Bank. However, estimates from the International Monetary Fund indicate that the Russian economy shrank by 21.8% in the quarter following the invasion. The reasons for this decline are manifold, including shocks to the trading system, supply disruptions, the collapse of supply chains leading to a drop in domestic demand, significant depreciation of the ruble, and inflation, which has reduced private consumption and investment.

In the first year of the war, following the imposition of the initial sanctions packages, the Russian economy shrank by 2.1%. [21] The U.S. Treasury Department further claims that sanctions have reduced potential Russian economic growth by 5% over the past two years. An additional effect of the sanctions has been the emigration of more than a million young and educated Russians. [22] In the long term, the loss of potential workers is likely to hinder economic growth. The Russian government is attempting to mitigate this impact by subsidizing mortgages.

The Russian ruble is experiencing extraordinary volatility. Although this cannot be directly attributed to sanctions, it is affecting the fiscal balance. The depreciation of the ruble observed between March 2023 and September 2023 has resulted in higher import costs, complicating the purchase of materials needed for warfare.

The true impact of sanctions will become evident in the long term. Isolation from the global market creates challenges in importing innovations and technologies that are essential for sustained economic growth. Developing energy infrastructure is becoming increasingly expensive. A key indicator of this trend is Foreign Direct Investment (FDI).

Russia is also enhancing the resilience of its economy by implementing a two-shift system in factories and, in some cases, increasing mandatory working hours to 12 hours. Currently, the Russian economy appears stable, but this cannot be sustained in the long term. [23]

Despite the coordination and implementation challenges associated with imposing sanctions, they have had visible effects. Sanctions have permanently weakened Russia's arms and energy sectors and have negatively impacted the overall economy. Nevertheless, Russia is likely to continue its war against Ukraine in the coming years.

Timeline

for imposing sanctions

2022

Feb 22

The United Kingdom freezes the assets of the Black Sea Development and Reconstruction Bank, Industrial Savings Bank, Genbank, Bank Rossiya, and Promsvyazbank.

United States impose sanctions on Promsvyazbank, VEB.RF and their subsidiaries.

Feb 22

European Union imposes “targeted restrictive measures” on 27 “high-profile individuals and entities” and measures against all 351 members of Russia's State Duma. Imposes a ban on financing the Russian Federation, its government and the Central Bank of Russia. Freezes the assets of Bank Rossiya, Promsvyazbank and VEB.RF.

Australia imposes sanctions on Bank Rossiya, Promsvyazbank, VEB.RF and other entities.

Feb 24

United States, European Union, Japan, Australia, United Kingdom, Canada, and New Zealand introduce export controls on software, hardware and technology.

Poland withdraws five Russian channels from the register of permitted TV services.

Canada freezes assets and prohibits transactions with various Russian individuals and entities, including major banks.

United Kingdom freezes assets of VTB Bank.

The United States impose correspondent and payable-through account sanctions on Sberbank and its subsidiaries; full blocking sanctions on VTB Bank, Otkritie Financial Corp. Bank, Sovcombank, Novikombank and their subsidiaries. Imposes new debt and capital restrictions on Sberbank, Alfa-Bank, Credit Bank of Moscow, Gazprombank, Russian Agricultural Bank and other Russian companies.

Feb 25

Taiwan introduces export controls on software, hardware and technology.

The United States impose sanctions on President Vladimir Putin and Foreign Minister Sergei Lavrov.

Feb 26

United States, European Union, United Kingdom, Canada ban selected Russian banks (unspecified at this time) from accessing the SWIFT financial messaging system and impose restrictive measures on the Central Bank of Russia.

Feb 28

The United States block transactions with the Central Bank of Russia.

The United Kingdom freezes the assets of VEB.RF, Otkritie and Sovcombank.

European Union imposes capital market restrictions on Alfa-Bank, Otkritie Financial Corp. Bank, Bank Rossiya and Promsvyazbank.

Mar 1

Japan restricts transactions with the Central Bank of Russia; freezes assets of VEB.RF, Promsvyazbank and Bank Rossiya; and joins Europe and the US in excluding selected Russian banks from the SWIFT financial messaging system.

Mar 2

The United Kingdom imposes sanctions on Sberbank, banning the bank from conducting correspondent transactions and settlements in sterling.

Australia adds the Central Bank of Russia and Otkritie Financial Corp. Bank to the sanctions list.

South Korea imposes sanctions on seven Russian banks and their subsidiaries. Bans trading in new Russian government bonds.

European Union identifies Russian banks that will be disconnected from the SWIFT banking network: Otkritie Bank, Novikombank, PJSC Promsvyazbank, Bank Rossiya, Sovcombank, and state development corporation VEB.RF and VTB Bank. Prohibits the sale, delivery, transfer or export of euro-denominated banknotes to Russia and prohibits transactions with the Central Bank of Russia.

The United Kingdom imposes export ban on technology for critical industries.

European Union suspends broadcasting activities of Russian state-owned or affiliated media such as Sputnik and RT/Russia Today in the EU, including search results and social media.

Mar 3

Japan freezes the assets of four additional Russian banks: VTB Bank, Sovcombank, Novikombank and Otkritie Financial Corp. Bank.

The United Kingdom bans Russian aerospace companies from insuring and reinsuring their risks in the country.

The United States impose sanctions on many Russian elites and their families, including Yevgeny Prigozhin and Alisher Usmanov, who controls 49% of USM Holdings Ltd. Place restrictions on media outlets linked to Russian intelligence services.

Mar 4

Switzerland expands sanctions against Russia, imposing capital market restrictions on Alfa-Bank, Otkritie Financial Corp. Bank, Bank Rossiya, Promsvyazbank and others. Joins a ban on the use of the SWIFT financial messaging system for seven Russian banks and introduces measures against the Central Bank of Russia.

Mar 5

Singapore imposes export controls on software, hardware and technology. Freezes assets and bans transactions with VTB Bank, VEB.RF, Promsvyazbank and Bank Rossiya, and blocks transactions with the Central Bank of Russia.

Mar 7

South Korea introduces export controls on software, hardware and technology.

Mar 8

The United States ban imports of Russian oil, gas and other energy resources.

Mar 11

The United States impose sanctions on Kremlin elites, oligarchs and Russia's political and national security leaders, and measures have been introduced against North Korea's weapons of mass destruction and ballistic missile programs.

Mar 15

The United States impose sanctions on Russians linked to human rights violations and Belarus' “corrupt” leader.

The United Kingdom expands sanctions to cover a range of individuals and entities, including the Internet Research Agency.

European Union bans the supply of energy-related equipment, technology and services to Russia; prohibits new investment in Russia's energy sector; and tightens export restrictions so as not to contribute to Russia's defense and security sector.

The United States, Germany, United Kingdom, Japan, European Commission, France, Italy, Canada, and Australia launch a working group called “Russian Elites, Intermediaries and Oligarchs” to “collect and share information and take concrete actions, including imposing sanctions, freezing assets, civil and criminal confiscation of assets and criminal prosecution”.

Mar 16

European Union imposes sanctions on Rostelecom PJSC CEO Mikhail Oseevskiy, Yandex NV deputy CEO Tigran Khudaverdyan and VK Co. CEO Vladimir Kiriyenko. Vladimir Kiriyenko, preventing them from traveling to the EU or doing business with companies that operate there.

Mar 18

Russia prohibits Russian insurers from conducting transactions with reinsurers in the US, UK, Australia, Canada, Japan, Switzerland, EU countries and other “unfriendly countries”.

Australia imposes sanctions on Sberbank, Gazprombank, VEB.RF, VTB Bank, Russian Agricultural Bank, Sovcombank, Novikombank, JSC Alfa-Bank and Credit Bank of Moscow.

RT's license to broadcast in the UK revoked.

Mar 24

The United Kingdom introduces 65 new sanctions against key sectors, including Russian State Railways and six banks.

The United States impose sanctions on Russia's defense industry, the Russian Duma and the chairman of Sberbank.

Mar 31

The United States Introduce new sanctions targeting Russia's technology sector and related to efforts to evade or circumvent sanctions. 21 entities and 13 individuals have been added to the sanctions list.

Apr 5

European Union proposes a ban on Russian coal imports and a complete ban on transactions for four key Russian banks, including VTB Bank PJSC, a ban on Russian ships and Russian-operated vessels entering European ports, and a ban on Russian and Belarusian road transport operators.

Apr 6

The United States impose full blocking sanctions on Sberbank and Alfa-Bank, freezing their assets linked to the US financial system and banning US persons from doing business with them. They ban new investments in Russia and impose full sanctions on key state-controlled companies. The sanctions also extend to top Russian officials and their families, including President Putin's adult children and Foreign Minister Lavrov's wife and daughter.

The United Kingdom freezes assets of Sberbank and Credit Bank of Moscow. Bans new investments in Russia. Pledges to “end all dependence on Russian coal and oil” by the end of 2022 and to “end gas imports as soon as possible” after that date. Bans imports of iron and steel products. Imposes sanctions on 8 additional oligarchs active in these industries.

Apr 7

The United States impose sanctions on Russian state-owned diamond giant PJSC Alrosa-Nyurba, blocking all of its property and interests in the US.

Apr 8

European Union imposes a total transaction ban on 4 key Russian banks - VTB Bank PJSC, PJSC Sovcombank, Joint-Stock Commercial Bank Novikombank and Otkritie Financial Corp. Bank. It also extends the ban on cryptocurrency wallets and prohibits the sale of banknotes and securities denominated in any official currency of EU member states to Russia and Belarus.

Apr 11

Japan approves additional sanctions, including freezing the assets of Sberbank Russia and JSC Alfa-Bank. Introduces measures banning new investments in Russia and reducing dependence on Russia for energy, including phasing out and banning imports of Russian coal.

Apr 13

The United Kingdom imposes sanctions on 206 individuals, including Gazprombank JSC Vice President Sergei Fursenko and six oligarchs.

Switzerland accepts new sanctions announced April 8 by EU against Russia and Belarus.

Apr 19

Canada announces additional sanctions against Russia, targeting 14 people, including Russia's central bank governor, Elvira Nabiullina.

New Zealand introduces a new round of sanctions against 18 Russian financial entities, including Russia's central bank, Sberbank of Russia, VTB Bank PJSC and Gazprombank JSC.

Apr 20

The United States designate Russia-based Transkapitalbank and a network of more than 40 individuals and entities led by Russian oligarch Konstantin Malofeev as being involved in attempts to circumvent sanctions. Among those designated are executives associated with Otkritie Financial Corp. Bank.

Apr 26

Poland imposes sanctions on 50 Russian companies and individuals, including Alfa-Bank founder Mikhail Fridman and state energy company PJSC Gazprom.

Apr 27

Canada introduces new sanctions against 11 senior officials and 192 other members of the Luhansk and Donetsk People's Councils in the Donbas region of eastern Ukraine in connection with Russia's attempted annexation of those territories.

May 4

The United Kingdom bans the export of accounting, consulting and public relations services to Russia and imposes sanctions on individuals in the Russian media industry.

European Commission President Ursula von der Leyen reports that the sixth package of sanctions against Russia includes the removal of Sberbank Russia, the country's largest bank, and two other major banks from the Swift financial system.

May 8

The United States introduce new sanctions against Russia, covering board members of Sberbank and Gazprombank, as well as JSC Bank Moscow Industrial Bank and others. Also added to the sanctions list are the three largest state-owned television stations: JSC Channel One Russia, Russia-1 and JSC NTV Broadcasting Co.

May 9

The United Kingdom announces new import tariffs on goods including platinum and palladium, and plans to ban exports of chemicals, plastics, rubber and machinery.

May 13

The United Kingdom nnounces new sanctions against friends, family members and trusted individuals of Russian President Vladimir Putin. Among those sanctioned are Alina Kabaeva, who allegedly has a close personal relationship with Putin, and Mikhail Klishin, a manager at Bank Rossiya.

May 25

European Union proposes making violations of EU sanctions a crime throughout the Union, which would enable effective confiscation of assets of sanctioned individuals and entities.

May 31

Canada Introduces new sanctions, targeting 22 individuals and four entities, including key Russian financial institutions and banks.

Jun 3

European Union adopts sixth package of sanctions, including cutting off Russia's Sberbank, Credit Bank of Moscow and Russian Agricultural Bank from the SWIFT financial system.

Jun 6

The United States issue guidance clarifying that previous sanctions prohibiting the purchase of new debt and equity securities issued by Russian entities also apply to trading in existing securities on secondary markets.

Jun 7

Japan closes assets of Russian Agricultural Bank, Credit Bank of Moscow and Belarusian Belinvestbank JSC.

Jun 10

Switzerland decides to adopt new sanctions announced June 3 by the EU against Russia and Belarus, including the exclusion of Russia's Sberbank and three other banks from SWIFT.

Jun 22

The United Kingdom bans exports to Russia of goods and technology related to chemical and biological weapons, oil refining and other key industries. Bans exports to Russia of jet fuel and banknotes denominated in sterling or EU currencies.

Jun 27

G7 countries ban gold imports from Russia. The UK, the United States, Canada and Japan announce a ban on the import of newly mined or processed gold. Previously exported Russian gold is not affected by the ban. The other G7 members - Italy, France and Germany - may follow suit after discussions in the EU.

Jun 28

The United States impose sanctions on 70 entities, many of which are linked to the Russian defense industry, including state defense entity Rostec, and 29 Russian individuals. Impose sanctions on additional 45 entities and 29 individuals; designate Russian Federation military units and redesignate the Russian Federal Security Service.

Jun 29

The United Kingdom adds 13 individuals and entities to its list of sanctions against Russia, including the Industrial Bank of Moscow and businessman Vladimir Potanin, Russia's second richest man, who according to the Foreign Office, has acquired PJSC Rosbank and a stake in JSC Tinkoff Bank since the invasion of Ukraine.

Jul 21

European Union bans the purchase, import or transfer of gold and jewelry from Russia and adds Sberbank to the sanctions list.

Aug 3

Switzerland introduces additional measures against Russia in line with the latest EU sanctions on gold and gold products and bans the country's largest bank, Sberbank, from providing funds, economic resources or technical services.

Sep 26

The United Kingdom imposes 92 sanctions in response to Russia's referendum that led to the annexation of four regions of Ukraine. Targets of the sanctions include top Russian officials involved in vote enforcement, oligarchs with a global net worth of GBP 6.3 billion, and 49 executives at Gazprombank, Sberbank of Russia and Sovcombank.

Sep 30

The United States impose sanctions on 14 individuals associated with the Russian defense industry and 278 members of the Russian parliament who were involved in the Ukraine referendum. Among those sanctioned is the governor of the Central Bank of Russia, Elvira Nabyullina.

Oct 6

European Union extends ban on Russian steel products to include semi-finished steel. European Council also announces ban on coal exports, including coking coal.

Oct 7

Japan imposes sanctions on 58 Russian individuals, nine Russian entities, and 23 individuals believed to be responsible for the unilateral annexation of Donetsk, Luhansk, Kherson and Zaporizhia.

Nov 4

G7 countries and Australia decide to set a fixed - rather than variable - price when they finalize the price cap on Russian oil at the end of the month.

Nov 30

The United Kingdom announces new package of 22 sanctions that target officials involved in Russia's war mobilization against Ukraine.

Dec 2

G7 countries, and Australia agree to set price cap on Russian oil transported by sea at USD 60 per barrel.

Dec 3

European Union sets the price limit for oil at USD 60 per barrel for crude oil, petroleum oils and oils obtained from bituminous minerals from Russia.

Dec 7

European Union proposes sanctions cover three Russian banks, including a total ban on transactions with JSC Russian Regional Development Bank, as part of the ninth sanctions package.

Dec 15

The United States impose sanctions on Russian businessman Vladimir Potanin, three members of his immediate family and his company Interros Co.

Dec 16

European Union adopts the ninth package of sanctions against Russia, which includes a complete ban on transactions with the JSC Russian Regional Development Bank, a freeze on the assets of the Credit Bank of Moscow and the Far East, a ban on new investment in the country's mining industry, and the suspension of broadcast licenses for media outlets NTV/NTV Mir, Rossiya 1, REN TV and First Channel.

2023

Jan 27

European Union extends sanctions covering trade, finance, technology and other industries in Russia for six months, until July 31, 2023. The sanctions include a ban on imports of oil shipped by sea from Russia, the exclusion of several Russian banks from Swift, and the suspension of broadcasting and licensing of several Kremlin-backed disinformation-related media outlets.

Jan 28

Ukraine imposes sanctions on three individuals and 182 Russian and Belarusian companies that are mainly involved in freight transportation, vehicle leasing and chemical production. The sanctioned companies include units of VTB Bank PJSC, VTB Leasing JSC, Gazprombank JSC's Gazprombank Leasing JSC, a unit of Raiffeisen Bank International AG, OOO Raiffeisen-Leasing and OOO UniCredit Leasing owned by UniCredit SpA.

Feb 3

Canda imposes sanctions on 38 individuals and 16 entities, including MIA Rossiya Segodnya, the state media company.

Feb 4

G7 countries agree on two price caps on oil products coming from Russia: USD 100 per barrel for products more expensive than crude oil and USD 45 per barrel for cheaper products.

Feb 5

European Union imposes a ban on purchases of Russian gasoline, diesel and other refined petroleum products.

Feb 7

The U.S. Treasury Department announced the lifting of sanctions on Subsidiary Bank Sberbank of Russia JSC, the former Kazakhstan unit of Sberbank of Russia.

Feb 8

The United Kingdom introduces new sanctions targeting six entities that supply military equipment to Russia and eight individuals and groups linked to the financial networks of the Kremlin elite.

Feb 19

Ukraine approves sanctions against Russia's Moscow Stock Exchange and 333 Russian bank directors, including JSC Alfa-Bank, PJSC Sovcombank and Otkritie Bank JSC, according to Vedomosti.

Feb 23

Ukraine imposes 50-year sanctions on Russian financial institutions, including the country's central bank, all commercial banks, investment funds, payment system operators, professional securities market participants, insurers and other financial services companies.

Canada imposes sanctions on 129 individuals, including members of the lower house of the Russian parliament and seven managers of companies linked to Russia's defense industry, as well as 50 entities.

Feb 24

United States and United Kingdom announce, in consultation with G7 partners and allies, new sanctions against Russia, focusing on individuals and entities linked to the country's defense and technology industries. The U.S. measures include more than 200 additional individuals and entities in Russia and other countries in Europe, Asia and the Middle East that have ties to Moscow, as well as 11 banks.

Australia adopts further financial sanctions against 90 individuals and 40 entities, including Russian ministers in charge of energy, natural resources, industry, education, labor, migration and health.

Feb 25

European Union introduces the 10th package of sanctions against Russia, covering an additional 87 individuals and 34 entities, including Russian politicians and government officials; companies in Russia's military and defense sectors; and writers, presenters and high-ranking executives at major television channels and media groups.

Mar 10

Canada bans imports of aluminum and steel products from Russia.

Mar 13

European Union extends for another six months the sanctions against 1,473 individuals and 205 entities that were imposed in response to Russia's invasion of Ukraine.

Apr 11

Canada announces new sanctions against Russia, covering 14 individuals and 34 entities, including several targets linked to the Wagner Group and Russia's aviation sector. Canadian Prime Minister Justin Trudeau also announces additional sanctions against nine entities in Belarus.

Apr 12

The United Kingdom and United States announce new measures to target financial networks that officials said were helping Russian billionaires evade sanctions. UK targeted two Cypriot professionals allegedly supporting Russian billionaires Roman Abramovich and Alisher Usmanov, as well as Usmanov's financial network, including the companies USM, Curzon Square Ltd. and Hanley Ltd.

In turn, the US targeted individuals and entities in 20 jurisdictions, including a new Russian private military company and a China-based company that provides satellite imagery of locations in Ukraine. The U.S. also imposed sanctions on the Hungary-based International Investment Bank (IIB), which is controlled by Russia, three current or former IIB directors, and IIB's wholly owned subsidiary in Russia, JSC IIB Capital.

Apr 13

European Union imposes restrictive measures on Russian private military unit Wagner Group and RIA FAN.

May 18

United Kingdom bans imports of Russian diamonds, copper, aluminum and nickel.

May 19

G7 countries agree to strengthen measures against circumventing price caps on Russian oil exports and preventing Russian banks from circumventing sanctions by foreign subsidiaries.

Australia and G7 countries agree to tighten measures to counter price caps on Russian oil exports and prevent Russian banks from circumventing sanctions through foreign companies. The U.S. imposes sanctions on 22 individuals and 104 companies in the oil production, oilfield services and tendering industries, as part of the G7 effort.

Australia announces new financial sanctions that cover three individuals and 21 entities, including Russian oil company Rosneft, gold company Polyus PJSC and steel company Severstal PJSC. The measures also include Russian lenders such as PJSC MTS Bank, PJSC Bank Uralsib, PJSC Ural Bank for Reconstruction and Development, Bank Zenit Public JSC and Bank Saint-Petersburg PJSC.

May 27

Ukraine imposes sanctions on 51 individuals and 220 companies in Russia and other countries, including defense industry companies and related Russian companies.

Jun 8

The United Kingdom Introduces new sanctions against Belarus for facilitating Russia's invasion of Ukraine, including a ban on the import of gold, cement, timber and rubber from Belarus to the UK and a ban on the export of banknotes to Belarus from the UK.

Jun 19

The United Kingdom introduces legislation to allow sanctions against Russia to remain in place until Moscow pays compensation to Ukraine.
The measures also require those subject to sanctions to disclose their assets in the UK and allows them to transfer frozen funds to rebuild Ukraine.

Jun 23

European Union adopts the 11th package of sanctions that includes a ban on the transit of certain goods and technologies through Russia.

Jun 28

Switzerland expands the list of sanctions against Russia in line with EU sanctions, banning certain members of the Russian armed forces, leading representatives of Russian state media and members of the Wagner Group from entering or transiting Switzerland.

Jul 5

Ukraine imposes sanctions on 18 Russian-linked companies, including ABH Holdings SA and ABH Ukraine Ltd, shareholders of Ukrainian lender JSC Sense Bank. The sanctions also cover Russian companies owned by ABH Holdings, including insurer AlfaStrakhovanie PLC.

Jul 20

The United Kingdom emoves Russian investor and founder of Tinkoff Bank, Oleg Tinkov, from the sanctions list after appeals by British billionaire Richard Branson, Reuters reports. Tinkov renounced his Russian citizenship and sold his stake in Tinkoff Bank's parent company, TCS Group Holding PLC, in 2022.r

European Union extends sanctions by six months to January 31, 2024.

The United States is imposing sanctions on Russian financial institutions: JSC Commercial Bank Solidarnost, JSC Tinkoff Bank, CB LOCKO-Bank JSC, Unistream Commercial Bank JSC, and St. Petersburg Social Commercial Bank JSC; on some Russian officials and individuals; on high-tech industries and mining companies in Russia; and on some companies based in Kyrgyzstan.

Canada is announcing new sanctions that cover 20 individuals and 21 entities linked to the Russian defense industry, as well as 19 individuals and four entities in Russia's culture and education sector. The sanctioned entities include Tinkoff Bank, Bank Tochka and Russian payment system Mir, as well as mobile operators MTS and Megafon and telecommunications company Tele2.

Aug 8

The United Kingdom announces sanctions on companies in Russia, Turkey and Dubai and individuals in Slovakia, Switzerland and Iran.

Aug 11

The United States impose sanctions on Alfa Group founder Mikhail Fridman and members of the supervisory board: Peter Aven, Alexei Kuzmichev and German Khan. The four investors were previously sanctioned by Australia, Canada, the European Union, New Zealand and the United Kingdom over Russia's invasion of Ukraine. Sanctions were also imposed on the Russian Union of Industrialists and Entrepreneurs.

Sep 13

European Union extends sanctions until March 15, 2024, including travel restrictions and asset freezes against individuals and entities in connection with Russia's invasion of Ukraine.

Sep 14

The United States Impose new sanctions on Russian elites linked to military industry and industrial base.

Nov 2

New measures target Russia's military-industrial complex, future energy production, metals and mining sectors, and defense purchases.

Nov 8

The UK is imposing sanctions on 29 individuals and entities operating i Russia and supporting its gold, oil and strategic sectors. The sanctions include Russia's largest gold producers, Nord Gold PLC and Highland Gold Mining Ltd, as well as Russian oligarchs Vladislav Sviblov and Konstantin Strukov. Gold trader Paloma Precious DMCC and trading company Paramount Energy And Commodities DMCC, both based in the United Arab Emirates, have also been added to the sanctions list.

Nov 15

Czechia expands the national sanctions list to include Russia's Federal State Unit Enterprise "Property Management Abroad," also known as Goshagransobstvennost Fgup.

Dec 5

The United States impose new sanctions on a network involved in procuring electronics with military applications for Russia. The network includes nine entities and five individuals.

Dec 6

G7 countries and United Kingdom agree on a ban on the import of Russian diamonds that will go into effect on January 1, 2024.

Dec 12

the United States impose sanctions covering more than 250 individuals and entities in Russia's energy, manufacturing, financial and metals and mining sectors. Also covered are third-country companies that facilitate the circumvention of sanctions.

Dec 15

The United Kingdom introduces a new set of sanctions against Russia, including a ban on correspondent banking for certain lenders and a ban on the import of certain Russian metals.

Dec 18

European Union adopts the 12th sanctions package, which includes additional import and export bans and measures to combat sanctions circumvention.

Dec 22

The United States impose new sanctions on foreign financial institutions that support Russia's industrial and military base. Sanctioned banks will have full asset blocks or restrictions on correspondent accounts in the US.

Dec 26

Taiwan expands sanctions on Russia and Belarus to include additional high-tech goods that can be used for military purposes.

2024

Jan 3

European Union adds Russian state diamond company PJSC Alrosa and its CEO, Pavel Alekseevich Marinychev, to the sanctions list.

Jan 12

European Union adopts a regulation that requires central securities depositories (CSDs) that hold more than EUR 1 million of the Russian central bank's frozen assets to set aside any incremental excess profits and corresponding income from those assets.

Feb 22

The United Kingdom adds more than 50 new sanctions covering companies and individuals related to munitions production, machine tool trade and the diamond industry.

Feb 23

The United States is announcing more than 500 new sanctions against Russia to mark the second anniversary of the invasion of Ukraine and following the death of opposition leader Alexei Navalny. The sanctions include JSC National Payment System, operator of the Mir payment system; banks such as Avangard Joint Stock Bank and JSC Bank ChelindBank; and other individuals and companies related to the financial, defense and procurement sectors.

The European Union announces sanctions against 106 individuals and 88 entities to hit Russia's military and defense sectors, as well as companies from China, Turkey and other countries involved in trading electronic components.

Mar 25

The United States imposes sanctions on 13 entities and 2 individuals for operations in the financial services and technology sectors that support the circumvention of sanctions imposed on Russia over Ukraine.

Apr 2

The USA is removing the former German unit of Russian lender VTB from the sanctions list. OWH SE i.L. previously operated as VTB Bank Europe SE, VTB Bank Deutschland AG and Ost-West Handelsbank AG before changing its name again in January.

Apr 12

London Metal Exchange and Chicago Mercantile Exchange block trade in aluminum, copper and nickel produced in Russia.

Apr 30

US Senate passes bill banning Russian uranium imports.

May 1

The USA imposes sanctions on nearly 300 entities and individuals involved in the development of future Russian energy, metals and mining production and exports. They also affect Russia's industrial and military base and chemical and biological weapons programs.

May 6

The United States removes former Sberbank's Swiss unit, Sberbank (Switzerland) AG, from the sanctions list following the bank's sale, restructuring and rebranding to TradeXBank AG.

May 14

The U.S. Treasury Department, through its Office of Foreign Assets Control, designates Russian national Dmitry Aleksandrovich Beloglazov and the companies Obshchestvo S Ogranichennoi Otvetstvennostiu Titul, Aktsionernoe Obshchestvo Iliadis and International Joint Stock Co. Rasperia Trading Ltd. as having engaged in a scheme that would allow sanctioned Russian billionaire Oleg Deripask to sell USD 1.5 billion worth of stock in an undisclosed European company.

The EU Council is expanding its restrictive measures against Iran, targeting individuals and entities that supply, sell or are involved in the transfer of Iranian missiles and unmanned aerial vehicles in support of Russia's war in Ukraine and armed groups in the Middle East and Red Sea region.

May 17

Decision to suspend Russian-linked media activities in the European Union, including Voice of Europe, RIA Novosti, Izvestia and Rossiyskaya Gazeta.

May 24

Japan imposes sanctions on nine Russian entities and one individual, as well as two companies from Cyprus in connection with Russian arms purchases from North Korea. South Korea imposes sanctions on two Russian ships transporting military supplies between Russia and North Korea, and on seven North Koreans linked to various activities in support of Russia.

May 27

The EU is imposing restrictive measures on Voice of Europe for its "systematic international campaign of media manipulation and distortion of facts aimed at destabilizing Ukraine, the EU and its member states". The restrictive measures also apply to Artem Marchevsky and Viktor Medvedchuk, who are closely associated with the online publication.

Jun 12

The United States expand the definition of Russia's industrial and military base to include Sberbank of Russia and VTB Bank PJSC, which introduces secondary sanctions on foreign financial institutions that cooperate with them. They also add sanctions on the Moscow Stock Exchange.

Jun 13

The United Kingdom imposes new sanctions on 50 individuals and entities, including entities used to circumvent sanctions and suppliers supporting Russia's military production. Sanctions also extended to Ingosstrakh Insurance Co. and entities linked to Russia's financial system.

Jun 17

European Union extends sanctions imposed on Russia for its annexation of Crimea until June 2025, including bans on the import and export of certain products and technologies to the region.

Jun 24

Adoption of the 14th sanctions package, covering the energy, financial and trade sectors, and new restrictions on circumventing sanctions.

Jun 28

European Union imposes sanctions on Russian businessman Dmitry Beloglazov, his LLC Titul and other related entities such as JSC Iliadis and International LLC Rasperia Trading Ltd.

Jul 22

European Union extends economic sanctions against Russia for another six months, until January 31, 2025.

Aug 23

Yhe United states Impose sanctions on nearly 400 individuals and entities for helping Russia maintain the war in Ukraine and avoiding existing restrictive measures. Among the targets were more than 60 technology and defense companies based in Russia, as well as some entities in the metals and mining sectors, including steel, iron and coal mining companies.

Sep 19

The USA imposes sanctions on a network of five entities and one individual based in Russia and the Russian-occupied region of Georgia, South Ossetia, for enabling payment mechanisms between Russia and North Korea in support of Russia's invasion of Ukraine and North Korea's weapons programs. [24]

Overview of sanctions against Russia by country and sector

Financial sanctions

Australia	Restrictions on sovereign debt
Canada	Restrictions on Russia's access to IMF and World Bank funds Restrictions on sovereign debt Restrictions on Russian banks' access to the SWIFT system
Japan	Restrictions on Russia's access to IMF and World Bank funds Restrictions on sovereign debt Restrictions on Russian banks' access to the SWIFT system
Switzerland	Restrictions on sovereign debt Restrictions on Russian banks' access to the SWIFT system
Great Britain	Restrictions on Russia's access to IMF and World Bank funds Restrictions on sovereign debt Restrictions on correspondent accounts of Russian banks Restrictions on Russian banks' access to the SWIFT system
United States of Ameria	Restrictions on Russia's access to IMF and World Bank funds Restrictions on sovereign debt Restrictions on correspondent accounts of Russian banks Restrictions on Russian banks' access to the SWIFT system Sanctions against state-owned operator Mir, Russia's main payment system since the suspension of Mastercard and Visa And sanctions against companies supporting Russia's war effort, involved in Russia's future energy production, cooperating with Iran on drones

Overview of sanctions against Russia by country and sector

Energy sanctions

Australia	Oil price cap and oil and gas import restrictions
Canada	Oil price cap and restrictions on Russian oil imports
Japan	Oil price cap and restrictions on Russian oil imports Restrictions on Russian coal imports
Switzerland	Oil price cap and restrictions on Russian oil imports
Great Britain	Oil price cap and restrictions on Russian oil imports Restrictions on Russian coal imports
United States of Ameria	Oil price cap and Russian oil import restrictions Restrictions on Russian gas imports Restrictions on imports of Russian coal

Sanctions in the field of defense

Australia	Restrictions on technology exports to Russia
Canada	Restrictions on technology exports to Russia
Japan	Restrictions on technology exports to Russia
Switzerland	
Great Britain	Restrictions on technology exports to Russia
United States of Ameria	Restrictions on technology exports to Russia

Overview of sanctions against Russia by country and sector

Sanctions in the field of raw materials and commodities

Australia	Restrictions on Russian gold imports Restrictions on metal exports to Russia
Canada	Restrictions on Russian gold imports Restrictions on luxury goods exports to Russia Restrictions on imports of luxury goods from Russia
Japan	Restrictions on Russian gold imports Restrictions on exports of luxury goods to Russia
Switzerland	Restrictions on imports of Russian gold Restrictions on imports of Russian metals (e.g. iron and steel) Restrictions on exports of luxury
Great Britain	Restrictions on imports of Russian gold Restrictions on imports of Russian metals (e.g. iron and steel) Restrictions on exports of luxury goods to Russia Restrictions on imports of luxury goods from Russia
United States of Ameria	Restrictions on Russian gold imports Restrictions on luxury goods exports to Russia Restrictions on imports of luxury goods from Russia

Overview of sanctions against Russia by country and sector

Sanctions in the field of services

Australia	Limitations on maritime services for Russian oil exports
Canada	Restrictions on maritime services for Russian oil exports Restrictions on exports of professional services (e.g., consulting, accounting) to Russia
Japan	Restrictions on maritime services for Russian oil exports Restrictions on exports of professional services (e.g., consulting, accounting) to Russia
Switzerland	Restrictions on maritime services for Russian oil exports Restrictions on exports of professional services (e.g. consulting, accounting) to Russia
Great Britain	Restrictions on maritime services for Russian oil exports Restrictions on exports of professional services (e.g. consulting, accounting) to Russia
United States of Ameria	Restrictions on maritime services for Russian oil exports Restrictions on exports of professional services (e.g. consulting, accounting) to Russia Restrictions on IT services and expansion of secondary sanctions Restrictions on exporting, re-exporting, selling or supplying services to Russia from the United States or by persons associated with: IT consulting and design and IT support services or cloud-based services for business management and design and manufacturing software

Overview of sanctions against Russia by country and sector

Media sanctions

Australia	Restrictions on broadcasting of Russian state media
Canada	Restrictions on broadcasting of Russian state media
Japan	
Switzerland	
Great Britain	Restrictions on broadcasting of Russian state media
United States of Ameria	Restrictions on broadcasting of Russian state media

Diplomatic and visa sanctions

Australia	Revocation of most favored nation status
Canada	Revocation of most favored nation status
Japan	Revocation of most favored nation status
Switzerland	
Great Britain	Revocation of most favored nation status
United States of Ameria	Revocation of most favored nation status

Others

South Korea	South Korea accepts UN sanctions, but also some US and EU sanctions. South Korea has imposed export controls and financial sanctions on Russia. Although it has not published a detailed list of sanctions, South Korea has declared support for new measures against Russia.
Taiwan	Taiwan bans technology exports to Russia and imposes financial restrictions.
Singapore	Singapore has announced sanctions and export restrictions.

Summary and recommendations

The main conclusion drawn from analyzing the sanctions imposed on Russia is that they have effectively forced the Russian economy into isolation. While the economy may continue operating in a wartime mode, shifting production capacity to meet military needs over civilian demand, significant challenges are expected to emerge after the conflict ends. At that point, the cumulative impact of years of sanctions will take full effect, compounded by a sharp decline in demand for military equipment and the return of soldiers, leading to a rise in unemployment among young men. Additionally, if the financial system reopens to the world, it will face further strain. In the long term, the sanctions' true impact will be felt, as isolation from global markets limits access to innovation and technology, hampering sustained economic growth.

The presumed goal of the sanctions is, among other things, to incite Russians against the current government of Vladimir Putin. This is being attempted through consumer goods shortages and the impoverishment of the population, yet this seems to be mere wishful thinking. Vladimir Putin's rule remains popular in Russia. Data illustrates this clearly: in April 2024, support for Putin's rule stood at 85% [25]. Despite the controversy, the sanctions have had three key effects. First, they have delivered a strong, coordinated message to the Kremlin; second, they have degraded Russia's armament capabilities; and third, they have systematically weakened the economy.

Nevertheless, they have not prevented Russia from engaging in armed conflict, which has sparked significant controversy among citizens in sanction-imposing countries. Moreover, sanctions serve as fodder for Russian disinformation. Due to price caps, revenue from Russian fuel trade has not returned to pre-sanction levels, forcing the Kremlin to implement one-time, often “voluntary” taxes. This will create budget shortfalls, impacting social programs and leading to an investment gap.

Another important outcome is the reorientation of Russia’s economy toward China, which will increase dependence on Beijing, something China may exploit in the future. Sanctions are not intended as an immediate fix that will cause Putin to wake up one day and decide “Ukraine was not worth it.” Rather, they are meant to bring about gradual change, eroding Russia's military complex and economy over time.

For sanctions to be effective, a unified stance among European countries is essential. Alignment with EU policy should become a matter of prestige. Countries that aid in circumventing sanctions by acting as intermediaries, transshipment hubs, or similar should face the same restrictions as Russia.

Footnotes

[1] Strict and Uniform: Improving EU Sanctions Enforcement, German Council on Foreign Relations, 14.10.2024, https://dgap.org/en/research/publications/strict-and-uniform-improving-eu-sanctions-enforcement
[2] Marcin Bokszczanin, Rosja nie chce kończyć wojny. Ale czy wojna się Rosji opłaca, czy ją wykańcza? Skąd Putin ma pieniądze na prowadzenie wojny? Czy w tej kasie jest dno? [Russia has no desire to end the war. But is the war benefiting Russia, or is it pushing the country to the brink? Where does Putin find the funds to sustain it, and is there an end to those reserves?], source: subiektywnie o finansach, 17.06.2024, https://subiektywnieofinansach.pl/rosyjska-gospodarka-rosnie-wbrew-wojnie-czy-dzieki-niej/
[3] Russia unemployment rate, 28.08.2024, https://tradingeconomics.com/russia/unemployment-rate#:~:text=Russia%E2%80%99s%20unemployment%20rate%20stood%20at%202.4%25%20in%20July,previous%20month%20and%20in%20line%20with%20market%20expectations
[4] Russia: Unemployment rate from September 2020 to January 2024, statista, 18.03.2024, https://www.statista.com/statistics/277043/monthly-unemployment-rate-in-russia/
[5] Real GDP growth, April 2024, https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/RUS/CHN
[6] Russian Inflation Rate, 11.10.2024, https://tradingeconomics.com/russia/inflation-cpi
[7] Adam Budnikowski, Ekonomia międzynarodowa [International economy], Polskie Wydawnictwo Ekonomiczne, Warszawa 2017
[8] Ibidem.
[9] European Parliament, EU sanctions on Russia: Overview, impact, challenges, 10.03.2024, https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2023)739366
[10] European Council, EU sanctions in response to Russia's military aggression against Ukraine, 16.05.2024, https://www.consilium.europa.eu/pl/infographics/eu-sanctions-russia-ukraine-invasion/
[11] European Parliament, EU sanctions..', op.cit.
[12] What are the sanctions on Russia and have they affected its economy?, BBC, 23.02.2024, https://www.bbc.com/news/world-europe-60125659
[13] Matthew Becerra, Gauging the Efficacy of Western Sanctions on the Russian Economy, Geopolitical Monitor, 30.01.20234, https://www.geopoliticalmonitor.com/gauging-the-efficacy-of-western-sanctions-against-russia/
[14] European Parliament, EU sanctions.., op.cit.

[15] Alexander Yarashevich, Aleksandr Atasuntsev, Robert Denis, In 'False Transit' Loophole, Russia's War Machine Is Supplied Through Kazakh Companies and Belarusian Warehouses, OCCRP, 21.02.2024, https://www.occrp.org/en/investigation/in-false-transit-loophole-russias-war-machine-is-supplied-through-kazakh-companies-and-belarusian-warehouses
[16] Russia to hike defence budget by 25% amid Ukraine war: Where does this money come from?, Firstpost, 01.10.2024, https://www.firstpost.com/explainers/russia-defence-budget-ukraine-war-money-source-tax-oil-13820952.html
[17] Elisabeth Braw, Russia's growing dark fleet: Risks for the global maritime order, Atlantic Council, 11.01.2024, https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/russias-growing-dark-fleet-risks-for-the-global-maritime-order/
[18] Sanctions Tighten the Noose Over Russia's Economic Lifeline: Yuan Shortage Looms, Microsoft Start, 14.10.2024, https://www.msn.com/en-us/money/other/sanctions-tighten-the-noose-over-russia-s-economic-lifeline-yuan-shortage-looms/ar-AA1rr98v?ocid=BingNewsSerp
[19] Russian oil getting into UK via refinery loophole, reports claim, BBC, 14.10.2024, https://www.bbc.com/news/business-68018660
[20] How is China supporting Russia after it was sanctioned for Ukraine war?, BBC, 14.10.2024, https://www.bbc.com/news/60571253
[21] International Monetary Fund, DataMapper Russian Federation, 14.10.2024, IMFhttps://www.imf.org/external/datamapper/profile/RUS
[22] Sanctions and Russia's War: Limiting Putin's Capabilities, U.S. Department of the Treasury, 14.10.2024, https://home.treasury.gov/news/featured-stories/sanctions-and-russias-war-limiting-putins-capabilities
[23] Russia to hike defence budget by 25% amid Ukraine war: Where does this money come from?, Firstpost, 01.10.2024, https://www.firstpost.com/explainers/russia-defence-budget-ukraine-war-money-source-tax-oil-13820952.html
[24] S&P Global, „Sanctions against Russia – A Timeline", accessed on: 11 October 2024, https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/sanctions-against-russia-8211-a-timeline-69602559
[25] Levada Center, Putin's approval rating, 14.10.2024, https://www.levada.ru/en/ratings/

Financed by the National Institute of Freedom
under the Solidarity Corps program –
Support for volunteer organizations in NGOs.

KOMITET DO SPRAW POŻYTKU PUBLICZNEGO

NIW
Narodowy Instytut Wolności
Centrum Rozwoju Społeczeństwa Obywatelskiego

Program Wspierania i Rozwoju Wolontariatu Długoterminowego na lata 2018–2030
Korpus Solidarności