

The European Union's sanctions regime on the Russian Federation from 2014 to 2022

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Abstract

This study analyses the direct impact of the European Union's restrictive measures against the Russian Federation due to the involvement of the latter on the territorial sovereignty of Ukraine since 2014. It evaluates the development of the sanctions imposed by the EU from 2014 to 2022, exploring the motives and explaining the goals that motivated the Union to apply these measures. Observing their development and prolongation during the years, as well as explaining in a detailed manner the various sanction packages in 2022.

The paper portrays the evolution of the EU sanctions regime from the starting point in 2014 as a response to the Crimean crisis, until 2022 with the ongoing military conflict in Luhansk and Donetsk. Furthermore, it evaluates the impact and direct consequences of EU restrictive measures on the Russian Federation, especially their impact on the economy, industry, and international relations.

All in all, the investigation produced by the breakdown of the timeline points to pondering if the current tools used by the EU to counter the Russian Federation's actions actually work. Becoming an analysis of how sanctions are designed, for what type of political structure and with what particular aims. Nevertheless, also conveying how the Russian Federation has been able to minimise some of the effects of these measures by being able to anticipate what sectors can be impacted, creating preventive economic mechanisms, and even expanding their scope of international relations towards different global political spheres of influence.

Keywords: European Union; Russian Federation; Conflict; Ukraine; Sanctions, Geopolitics.

Resumen. *El régimen de sanciones de la Unión Europea a la Federación de Rusia de 2014 a 2022*

Este estudio analiza el impacto directo de las medidas restrictivas de la Unión Europea contra la Federación Rusa por la afectación de esta última en la soberanía territorial de Ucrania desde 2014. Evalúa la evolución de las sanciones impuestas por la UE desde 2014 hasta 2022, explorando los motivos y explicando los objetivos que motivaron a la Unión a aplicar estas medidas. Observando su desarrollo y prolongación a lo largo de los años, así como explicando de forma detallada los distintos paquetes sancionadores en 2022.

El documento describe la evolución del régimen de sanciones de la UE desde el punto de partida en 2014 como respuesta a la crisis de Crimea, hasta 2022 con el conflicto militar en curso en Lugansk y Donetsk. Además, evalúa el impacto y las consecuencias directas de las medidas restrictivas de la UE en la Federación Rusa, especialmente su impacto en la economía, la industria y las relaciones internacionales.

Con todo, la investigación producida por el desglose de la línea de tiempo apunta a reflexionar sobre si las herramientas actuales utilizadas por la UE para contrarrestar las acciones de la Federación Rusa realmente funcionan. Convirtiéndose en un análisis de cómo se diseñan las sanciones, para qué tipo de estructura política y con qué fines particulares. No obstante, también transmitir cómo la Federación Rusa ha sido capaz de minimizar algunos de los efectos de estas medidas al poder anticipar qué sectores pueden ser impactados, creando mecanismos económicos preventivos e, incluso, ampliando su alcance de relaciones internacionales hacia diferentes esferas políticas globales de influencia.

Palabras clave: Unión Europea; Federación Rusa; Conflicto; Ucrania; Sanciones, Geopolítica.

Resum. *El règim de sancions de la Unió Europea a la Federació de Rússia del 2014 al 2022*

Aquest estudi analitza l'impacte directe de les mesures restrictives de la Unió Europea contra la Federació Russa per l'afectació d'aquesta última a la sobirania territorial d'Ucraïna des del 2014. Avaluja l'evolució de les sancions imposades per la UE des del 2014 fins al 2022, explorant els motius i explicant els objectius que van motivar a la Unió a aplicar aquestes mesures. Observant-ne el desenvolupament i la prolongació al llarg dels anys, així com explicant de forma detallada els diferents paquets sancionadors l'any 2022.

El document descriu l'evolució del règim de sancions de la UE des del punt de partida en 2014, com a resposta a la crisi de Crimea, fins l'any 2022 amb el conflicte militar en curs a Lugansk i Donetsk. A més, avalua l'impacte i les conseqüències directes de les mesures restrictives de la UE a la Federació Russa, especialment el seu impacte a l'economia, la indústria i en les relacions internacionals.

Tot i això, la investigació produïda pel desglossament de la línia de temps apunta a reflexionar sobre si les eines actuals utilitzades per la UE per contrarestar les accions de la Federació Russa realment funcionen. Convertint-se en una anàlisi de com es dissenyen les sancions, per a quin tipus d'estructura política i amb quins fins particulars. Tot i això, també transmet com la Federació Russa ha estat capaç de minimitzar alguns dels efectes d'aquestes mesures en poder anticipar quins sectors podien ser impactats, creant mecanismes econòmics preventius i, fins i tot, ampliant el seu abast de relacions internacionals cap a diferents esferes polítiques globals d'influència.

Paraules clau: Unió Europea; Federació Russa; Conflicte; Ucraïna; Sancions, Geopolítica.

Summary

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1. INTRODUCTION

Over the last decade, the European Union (EU, hereinafter) and the Russian Federation have increasingly diverged on any common positions on global affairs, with a relationship that has deteriorated due to increasing mistrust. Since 2014, the Russian Federation's economic and political contributions to the loss of the territorial integrity of Ukraine have created several responses worldwide. The EU, through restrictive measures, has since aimed to destabilise the Federation's elite and as a result stop financing any military movements that could further threaten Ukraine.

This study analyses the evolution and the impact of EU sanctions on the Russian Federation since 2014. Portraying the most notable restrictive measures which have been the economic sanctions and those imposed on key individuals or entities. Moreover, through a periodic process of renewals, the EU has maintained its pressure on several sectors. Nevertheless, in 2022 the military movements within the areas of Donetsk and Luhansk and their recognition as autonomous areas by the Russian Federation have driven the EU to strengthen existing prolonged measures and imposed six packages of sanctions in the first four months of the conflict.

The shift of geopolitical influences in 2022 has made the EU create packages which are considerably more extensive, expanding into sectors such as media outlets from the country at an international level and even including key figures of the conflict, such as the Russian President Vladimir Putin to the list of sanctioned individuals. The packages have also targeted important banks, aiming to limit transactions and restrict their ability to access many markets on the global stage. Moreover, the most important evolution of the restrictive measure has been when the EU has shown a commitment to cutting off all ties with the Federation's supply of fossil fuel supplies such as oil and coal. This has become an important turning point in the EU's external policy because it was a controversial consensus process amongst EU Member states, and it shifted pressure on an important part of the Russian Federation's economy.

Previous studies have tried to analyse the impact of the first years of sanctions on the Russian Federation (Veebel & Markus, 2015), portraying the destabilisation they

produced and even showing how the impact had been less significant than initially planned in 2014 (Dreyer & Popescu). Nevertheless, on many occasions there is a lack of understanding of how sanctions work and what can their aim can be on a more general level, such as being a tool to highlight how the EU disagrees with that country's actions. Moreover, creating a discontinuity in certain arguments, which bring up following the questions. Has the Russian Federation been able to somehow avoid sanctions? If so, have sanctions become somewhat redundant and easy to predict? Or, is the complex structure and influence of Member states too strong for the Union to be able to implement more harmful and direct measures? Have sanctions has the desired effect?

This study is therefore centred on the analysis from 2014 to 2022. Using data from the European Council, speeches from the Russian Duma, and even data from Russian consulting firms has allowed to categorise the diverse scope of restrictive measures implemented by the EU. Moreover, evaluated the design of the restrictive measures, which have been increased in number as well as expanded the sectors of influence within the Federation during the course of the conflict. Finally, the study has investigated the impact sanctions have on the Russian Federation and how the Federation has adapted and created various preventive mechanism, in order to minimise the effect and prepare for any future sanctions from the EU.

2. ANALYSIS OF EU SANCTIONS ON THE RUSSIAN FEDERATION

Since 2014, in response to the gradual gaining of influence of Russia over parts of Ukraine, the EU, with the command of the European Council as the ultimate decision-maker, has implemented numerous sanction policies on various domains. Compared to past practices, sanctions have been chosen by the EU as the ultimate instrument of implementing soft power all over the world. Sanctions have been guiding almost every European Council Conclusion for the past three decades, being general guidance of strategic decisions on EU foreign policy.

Concerning their use towards the Russian Federation, the EU Member states, and Council did not always act as cohesively as they do in 2022. The EU took some time initially to introduce sanctions in opposition to Russia due to confrontation amongst EU Member states (Schmidt-Felzmann, 2008). The Council was driven together with Poland, the Baltic nations, Sweden, and the UK to endorse in sanctions due to the historic factors that unite them, for example, the history of conflict in the case of Poland and the Baltic nations or in the case of Sweden due to the escalation of tensions since the rejection of the EU-Russian summit in Stockholm in 2009 which has even resulted in the expulsion of diplomats and has lead to a Swedish scale up in terms of defence because of its geographical proximity to the Federation. They claimed to see an evident loss of the path of Russian development in the direction of democracy and human rights. On the other hand, some Member states, such as, France, Germany, the Central European states, Italy, Greece, and Cyprus, were cautious, being deeply worried about

the economic implications of such sanctions towards Russia. Furthermore, states such as Greece and Cyprus had agreeable historical and cultural ties with the Federation that they were sceptical to lose.

The divided scenario was modified substantially during 2014. Three main elements that contributed to the shift. Firstly, the German government increasing grew dissatisfied with the actions and decisions of the Kremlin, because of the belief that Vladimir Putin was not being transparent with Chancellor Merkel about the precluding actions of Russian involvement and influence on actions occurring in Ukraine. Moreover, Germany was aspiring to confirm its political leadership within the EU, which required taking into account the opinion of all Member states and the fear of the Baltic states and Poland towards Russia's action. Secondly, the struggle in Ukraine was increasingly intensifying, and there became more proof of the presence of the Russian army within the borders of Ukraine and the region of Crimea. Finally, the trigger of the EU sanctions was the downing of the Malaysian civilian aircraft, the flight MH17 from Amsterdam to Kuala Lumpur on the 17th of July 2014. This worsened the Russian image when Western media became aware that rebels shot the aircraft down with the assistance of Russian missiles. This event especially shifted the political power of the EU as it portrayed the hazard that the Russian federation had crossed the border. Moreover, the Netherlands mourned their residents killed withinside the aircraft. Hence a consensus emerged during the summer of 2014 in favour of demonstrating the EU's cohesion with the aid of introducing direct sanctions in opposition to Russia's actions.

Furthermore, this unity amongst EU Member states was conveyed through the deterioration of diplomatic measures, which became increasingly evident, with various summits between Russia and the EU being cancelled. Although the decision to impose sanctions against Russia could only be taken at the highest political level because of the conflict of interests it could provoke. In June 2014, EU leaders first coordinated their actions with international partners and decided with other G7 countries to suspend Russian membership in the G8.

2.1. 2014: the start of EU restrictive measures

In March 2014, the escalation of Russian influence over the Crimea area escalated rapidly. This rise in tension created a sense of urgency for the Kremlin, which advanced the date of the catalyst, the Crimean Referendum on the area's political status on the 16th of March 2014. This event transformed the frozen state of relations through the imposition of sanctions on the Russian Federation.

The EU exposed the clear violation of democratic values (Bachmann, 2014), endangering Ukraine's territorial unity and the State's sovereignty; on the other hand, as the Russian President Vladimir Putin exposed two days after the voting to the

Russian Duma,¹ this referendum was a clear portrayal of the re-unification of ethnic Russians. The threat to one of the EU's core democratic values was clear. Moreover, having previously stated how the EU's bureaucracy was guilty of worsening relations, through consciously intensifying confrontation,² it had become clear that the Russian Federation had its view on the porosity of borders. Establishing that the EU's position was not going to influence their revisionist view, which caused a clear conflict between self-determination and territorial integrity. Therefore, during the following two months, the European Council took measures against the individuals who threatened Ukraine's territorial integrity. These included travel bans and asset freezes on individuals and entities.

During April 2014, the list of persons and entities involved both in Ukraine's territorial identity and the misappropriation of state funds grew. On the 12th of May 2014, the Council of the EU in his configuration of Foreign Affairs decided to agree on a further set of sanctions on persons and entities which were associated with the undermining stability and territorial security of Ukraine. The situation did not change and therefore the EU agreed to accelerate the preparations of further sanctions in accordance with the European Council meeting on the 16th of July 2014. Following the conclusions of Heads of State and Government, the Council agreed to take strengthened measures against Russia in terms of economic cooperation and targeting the area of Crimea and Sevastopol. The sanctions imposed during 2014 would set the tone for the following years, where these sanctions are revisited and extended following the evolution of the situation.

The sanctions imposed over the area of Crimea are very diverse. On one hand, they prohibit the export of their national products to the EU, as well as concerning technology and goods in the transport, telecommunications, and energy sectors. These initial sanctions also limited their tourism services, where cruise ships originating from the EU cannot call in ports within the Crimean Peninsula. In terms of influencing Crimea's economy, the EU did not allow European companies or people to buy real estate or entities in the area, nor finance local companies that supply any related services. Finally, the sanctions also took into consideration the exploration and production of oil, gas and mineral resources. All these sectors were also reassured by sanctions through the prohibition of having technical assistance in terms of brokering, construction, or any engineering services.

On the 29th of July 2014,³ the European Council decided to impose the first big set of economic sanctions on the Russian Federation. It did not allow for EU nationals and companies to buy or sell bonds, equity or similar financial instruments with any

¹ Vladimir Putin, "Address by President of the Russian Federation" 18th of March 2014. <http://en.kremlin.ru/events/president/news/20603>

² Lavrov 'those responsible for escalating confrontation between Russia and the EU' *RIA Novosti*, 10th of March 2015.

³ Council of the European Union. "Statement by the President of the European Council Herman Van Rompuy and the President of the European Commission in the name of the European Union on the agreed additional restrictive measures against Russia". Press release, 29th July 2014. <https://www.consilium.europa.eu/media/22015/144158.pdf>

major state-owned Russian banks, development banks or any of their subsidiaries nor those acting on their behalf. They limited the services related to the issuing of financial instruments such as brokering. Furthermore, they created an import and export embargo of arms from and to Russia, as well as exports of dual-use of goods and technology for military use. The export ban also included energy-related equipment and technology to be subject to prior authorisation by authorities within each of the EU Member states. Export licenses were also submitted to more control and would be denied the products were destined for oil exploration and production in the deep sea and within the arctic projects in the Russian Federation.

Lastly, there were further trade and investment restrictions for the area of Crimea and Sevastopol which were based on the ban on new investment within infrastructure projects in the transport, telecommunications and energy sectors in conjunction with the exploitation of oil, gas and minerals. Key equipment from these sections may also not be exported from the area.⁴

On the 12 of September 2014, the European Council decided that further economic sanctions needed to be implemented. They further restricted Russia's access to the EU's capital markets. It also restricted EU nationals and companies from providing loans to major Russian state-owned banks. This set of measures also deepened the scope of oil exploration and production implemented earlier that year. It now included the prohibition to supply aid services to the sector, such as drilling, well testing or logging services. The ban on exporting dual-use goods and technology for military use in the Russian Federation was also extended to include a list of nine mixed defence companies that were limited to not receiving dual-use goods from any Member states of the EU. In terms of the individual restrictions, persons were added because of their involvement in actions against Ukraine's territorial integrity, including the new separatist groups in the Donbas area, the new government of Crimea and decision-makers and oligarchs from Russia.⁵

2.2. 2015 to 2021: the prolongating EU sanctions

From 2015 to 2021 the most highlighted actions taken by the European Council were the prolongation of the different types of restrictive measures. The following tables show the timetable of these renewals as well as some additions to the initial 2014 sanctions⁶

⁴ Council of the European Union. "EU restrictive measures in view of the situation in Eastern Ukraine and the illegal annexation of Crimea". Press Release, 31st July 2014.

<https://www.consilium.europa.eu/media/22023/144159.pdf>

⁵ Council of the European Union. "Reinforced restrictive measures against Russia". Press Release, 11th September 2014. <https://www.consilium.europa.eu/media/21992/144868.pdf>

⁶ See European Council, Timeline - EU restrictive measures against Russia over Ukraine. 3rd of June 2022. Available at: <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-ukraine-crisis/history-ukraine-crisis/>

It is important to note that under the adoption of the current EU sanctions regime, once enacted, these are then subject to a periodic renewal either every six or twelve months, where the decision has to be agreed unanimously within the European Council.

Table 1. Implementation of new sanctions, reinforcing those imposed in 2014. Most highlighted measures were those imposed on individual persons and entities on the 5th of March 2015.⁷ (Source: European Council)

| 2015 | Jan. 29 th | Feb. 16 th | Mar. 5 th | Jun. 19 th | Jun. 22 nd | Sep. 14 th | Dec. 21 st |
|--|----------------------------------|-----------------------|----------------------|-----------------------|-----------------------|------------------------------|-----------------------------|
| Restrictive measures on persons <i>Asset freeze & travel ban</i> | | X | X | | | | |
| Restrictive measures on entities <i>Asset freeze</i> | | X | | | | | |
| Sanction on the territory of Crimea | | | | X | | | |
| Economic sanctions | | | | | X | | |
| Import ban | | | | | | | |
| Export ban | | | | | | | |
| Limits on Investment | | | | X | | | |
| Halting Tourism services | | | | X | | | |
| Prolongation of restrictive measures on persons and entities <i>Asset freeze & travel ban</i> | X <i>Until September 2015</i> | | | | | X <i>Until March 2016</i> | |
| Prolongation of sanctions on the territory of Crimea | | | | | | | |
| Extension of economic sanctions | | | | | | | X <i>Until July 2016</i> |

⁷ Council Implementing Regulation (EU) 2015/357. Implementing regulation (EU) 208/2014 concerning restrictive measures directed against certain persons, entities and bodies in view of the situation in Ukraine, 5th of March 2015.

**Table 2. Prolongation of the sanctions previously established in 2014
(Source: European Council)**

| 2016 | Mar. 4 th | Mar. 10 th | Jun. 17 th |
|--|--|--|--|
| Restrictive measures on persons <i>Asset freeze & travel ban</i> | | | |
| Restrictive measures on entities <i>Asset freeze</i> | | | |
| Sanction on the territory of Crimea | | | |
| Economic sanctions | | | |
| Import ban | | | |
| Export ban | | | |
| Limits on Investment | | | |
| Halting Tourism services | | | |
| Prolongation of restrictive measures on persons and entities <i>Asset freeze & travel ban</i> | <i>X</i> <i>Until March 5th 2016</i> | <i>X</i> <i>Until June 17rd 2017</i> | |
| Prolongation of sanctions on the territory of Crimea | | | <i>X</i> <i>Until June 23rd 2017</i> |
| Extension of economic sanctions | | | |

Table 3. Additions to the individual and entities sanctions list as well as new sanctions for the territory of Crimea. Prolongation of previously established sanctions. (Source: European Council)

| 2017 | Mar. 3 rd | Mar. 13 th | Jun. 19 th | Jun. 28 th | Aug. 4 th | Sep. 14 th |
|--|---|--|---|--|----------------------|---|
| Restrictive measures on persons <i>Asset freeze & travel ban</i> | | | | | X | |
| Restrictive measures on entities <i>Asset freeze</i> | | | | | X | |
| Sanction on the territory of Crimea | | | | | | |
| Economic sanctions | | | | | | |
| Import ban | | | | | | |
| Export ban | | | | | | |
| Limits on Investment | | | | | | |
| Halting Tourism services | | | | | | |
| Prolongation of restrictive measures on persons and entities <i>Asset freeze & travel ban</i> | X <i>Until March 6th 2018</i> | X <i>Until March 12th 2018</i> | | | | |
| Prolongation of sanctions on the territory of Crimea | | | X <i>Until June 23rd 2017</i> | | | |
| Extension of economic sanctions | | | | X <i>Until January 31st 2018</i> | | X <i>Until March 15th</i> |

Table 4. Extension of sanctions that were already in place. Extension of sanctions in the territory of Crimea and prolongation of already established sanctions.
(Source: European Council)

| 2018 | Mar. 5 th | Mar. 12 th | May 14 th | Jun. 18 th | Jul. 5 th | Jul. 31 st | Sep. 13 th | Dec. 10 th |
|--|--|--|----------------------|-----------------------|--|-----------------------|--|---|
| Restrictive measures on persons <i>Asset freeze & travel ban</i> | | | X | | | | | |
| Restrictive measures on entities <i>Asset freeze</i> | | | | | | X | | |
| Sanction on the territory of Crimea | | | | X | | | | |
| Economic sanctions | | | | | | | | |
| Import ban | | | | | | | | |
| Export ban | | | | | | | | |
| Limits on Investment | | | | X | | | | |
| Halting Tourism services | | | | X | | | | |
| Prolongation of restrictive measures on persons and entities <i>Asset freeze & travel ban</i> | X <i>Until March 19th 2019</i> | X <i>Until September 15th 2018</i> | | | | | X <i>Until March 15th 2019</i> | |
| Prolongation of sanctions on the territory of Crimea | | | | | | | | |
| Extension of economic sanctions | | | | | X <i>Until January 31st 2019</i> | | | X <i>Until July 31st 2019</i> |

**Table 5. Additions to the restrictive measures on individuals and prolongation of already established sanctions.
(Source: European Council)**

| 2019 | Mar. 4 th | Mar. 15 th | Jun. 20 th | Jun. 27 th | Sep. 12 th | Dec. 19 th |
|--|---|--|---|--|--|---|
| Restrictive measures on persons <i>Asset freeze & travel ban</i> | | X | | | | |
| Restrictive measures on entities <i>Asset freeze</i> | | | | | | |
| Sanction on the territory of Crimea | | | | | | |
| Economic sanctions | | | | | | |
| Import ban | | | | | | |
| Export ban | | | | | | |
| Limits on Investment | | | | | | |
| Halting Tourism services | | | | | | |
| Prolongation of restrictive measures on persons and entities <i>Asset freeze & travel ban</i> | X <i>Until March 6th 2020</i> | X <i>Until September 15th 2020</i> | | | X <i>Until March 15th 2020</i> | |
| Prolongation of sanctions on the territory of Crimea | | | X <i>Until June 23rd 2020</i> | | | |
| Extension of economic sanctions | | | | X <i>Until January 31st 2020</i> | | X <i>Until July 31st 2020</i> |

Table 6. Additions to the restrictive measures on individuals, the extension of current sanctions on the area of Crimea and prolongation of already established sanctions.
(Source: European Council)

| 2020 | Mar. 5 th | Mar. 13 th | Jun. 18 th | Jun. 29 th | Oct. 1 st | Dec. 17 th |
|--|---|--|-----------------------|--|----------------------|---|
| Restrictive measures on persons <i>Asset freeze & travel ban</i> | | | | | X | |
| Restrictive measures on entities <i>Asset freeze</i> | | | | | | |
| Sanction on the territory of Crimea | | | X | | | |
| Economic sanctions | | | | | | |
| Import ban | | | | | | |
| Export ban | | | | | | |
| Limits on Investment | | | X | | | |
| Halting Tourism services | | | X | | | |
| Prolongation of restrictive measures on persons and entities <i>Asset freeze & travel ban</i> | X <i>Until March 6th 2021</i> | X <i>Until September 15th 2021</i> | | | | |
| Prolongation of sanctions on the territory of Crimea | | | | | | |
| Extension of economic sanctions | | | | X <i>Until January 31st 2021</i> | | X <i>Until July 31st 2021</i> |

**Table 7. Additions to the restrictive measures on individuals and prolongation of already established sanctions.
(Source: European Council)**

| 2021 | Mar. 4th | Mar. 12th | Jun. 21st | Sep. 10th | Oct. 11th |
|--|--|---|----------------------------------|--|-----------|
| Restrictive measures on persons <i>Asset freeze & travel ban</i> | | | | | X |
| Restrictive measures on entities <i>Asset freeze</i> | | | | | |
| Sanction on the territory of Crimea | | | | | |
| Economic sanctions | | | | | |
| Import ban | | | | | |
| Export ban | | | | | |
| Limits on Investment | | | | | |
| Halting Tourism services | | | | | |
| Prolongation of restrictive measures on persons and entities <i>Asset freeze & travel ban</i> | X <i>Until March 6th 2022⁸</i> | X <i>Until September 15th 2021⁹</i> | | X <i>Until March 15th 2022¹⁰</i> | |
| Prolongation of sanctions on the territory of Crimea | | | X <i>Until June 23rd 2022</i> | | |
| Extension of economic sanctions | | | | | |

The tables above show the dates when certain restrictive measures are implemented, expanded and prolonged since the start of the conflict in 2014 until the end of 2021. The most periodic and notable are: on one hand, Table 2 to Table 7 portray the yearly renewals on restrictive measures against persons, entities and bodies

⁸ Council Decision 2014/119/CFSP, Concerning Restrictive measures directed against certain persons..., op.cit n.7

⁹ Council Decision 2015/145/CFSP, Concerning restrictive measures in respect of actions..., op.cit n.8

¹⁰ Ibid.

because of the situation in Ukraine and the misappropriation of state funds in Ukraine. Being kept under constant review, the Council has increasingly included people and entities and, in some occasions, taken out of the list. They also include the sanctions in response to Russia's actions threatening the integrity, sovereignty and independence of the Ukraine. Moreover, Table 1 to Table 6 show the prolongation of economic sanctions implemented by the European Council in 2015 due to Russia's destabilisation of Ukraine. Finally, Tables 1,4 and 6 share parallelisms because new sets of sanctions were imposed on the territory of Crimea in order to try and limit the expansion of Russian influence within the area.

It is important to highlight that the mechanism is as follows. All sanctions are adopted, renewed and lifted by unanimity within the Council of the EU by the proposal of the High Representative and with previous political consensus by the Member states of the EU.

2.3. 2022: redefining EU sanctions

In 2022 the situation drastically changed when, on the 21st of February 2022, the Russian State Duma proceeded to recognise the regions of Luhansk and Donetsk as independent entities from Ukraine and officialised the statement that Russian troops would be sent into those areas. A change in direction and intensity of the EU sanctions was necessary in order to produce an effective response to the recent escalation of the conflict.

There was a rapid response from the EU who, on the 23rd of February 2022, released the first package of sanctions agreed upon by the European Council.¹¹ This initial set of restrictions included individual sanctions on all members of the Russian Duma who voted positively to pass the bill of self-proclamation of the areas. It also added 24 individuals and entities to the list and increased restrictions on economic relations. In this package, the EU also targeted sanctions on the areas of Donetsk and Luhansk, which included: restrictions on trade and investment; an import ban on goods; a prohibition to supply certain tourism services and an export ban on goods and technologies.¹² Furthermore, there were general financial restrictions whose aim was to try to economically destabilise Russia's elite's financing of certain policies, where the European Council decided to introduce prohibitions on the Russian Federation's government and Central Bank. This was produced by restraining the ability of the Russian state and government to access any EU's capital and financial markets and services.

¹¹ Council Regulations (EU) 2022/263 concerning restrictive measures in response to the recognition of the non-government controlled areas of the Donetsk and Luhansk oblasts of Ukraine and the ordering of Russian forces into those areas, 23rd of February 2022.

¹² These measures are currently in place until the 24th of February 2023.

The second package of sanctions was issued on the 24th of February 2022.¹³ This package served as a reinforcement of the first, it increased the list of individuals and entities, introduced a new visa policy, and targeted the economy, finance, energy, transport and technology. For the first time in the conflict, it targeted the Russian Government's elite. The list of asset freezes includes important figures, such as the Minister of Foreign Affairs, Sergey Lavrov, and the Russian President, Vladimir Putin. These measures also included all members of the National Security Council, whom the EU views as the catalyst of the conflict due to their recognition of the independence of the areas of Donetsk and Luhansk, due to their ratification of the 'Treaties of Friendship' with those areas.¹⁴ In terms of individuals, it also targeted those who aided the military movements from Belarus.

In terms of financial sanctions, the EU decided to expand the existing financial restrictions by cutting Russian access to important international capital markets and prohibited the listing and provision of services in relation to shares of Russian state-owned entities on trading venues in the Union. These sanctions also introduced new measures that limited financial inflows from Russia to the EU, by prohibiting the acceptance of deposits exceeding certain values from Russian nationals or residents and holding accounts of Russian clients by the EU Central Securities Depositories. They also limited the selling of euro-denominated securities to Russian clients. The overall aim was to target 70 % of the Russian banking market, as well as key state-owned companies with the intention to increase Russia's borrowing costs, raise inflation and gradually erode Russia's industrial base and prevent elite fortunes from being hidden in safe havens outside of the country.

This second package was also a pioneer in targeting the energy sector, a previously very divisive subject amongst the States of the EU. It prohibits the sale and export ban of specific goods and technologies in relation to the oil refining industry. Furthermore, it also targets the transport and technology sector with an export ban covering goods and technology in the aviation and space industry with the prohibition on the provision of insurance, reinsurance, and maintenance services of the sector, as well as any provision related to technical and financial assistance. More directly, it banned the sale of aircrafts, spare parts and equipment to Russian airlines. This was seen as a prelude to the third package of sanctions which specifically cut off the Russian Federation's aerial connection to the Union.

It was within the third package of sanctions on the 2nd of March 2022,¹⁵ that the EU imposed strict restrictive measures related to aviation and finance, where EU Member states denied permission to land in, take off from or overfly their territories

¹³ Council Regulation (EU) 2022/334 amending Council Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, 28th of February 2022.

¹⁴The State Duma. 'The State Duma ratified Treaties of Friendship with the Donetsk and Lugansk People Republics', 22nd of February 2022. Available at: <http://duma.gov.ru/en/news/53516/>

¹⁵ Council Decision (CFSP) 2022/346 amending Decision 2014/512 CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine. 1st of March 2022.

to any aircraft operated by Russian air carriers chartered or controlled by any Russian legal or natural person. In terms of finances, this package prohibited transactions with the Russian Central Bank or any legal person, entity or body acting on behalf or at the direction of the Russian Central Bank and also introduced a SWIFT ban for seven Russian banks. Finally, broadening the scope of existing sanctions, it suspended the broadcasting activities in the EU of the Russian state-owned media outlets, *Sputnik* and *Russia Today*, because of fostering the military aggression within Ukraine by Russian forces and the promotion of fake news internationally and within the Russian Federation.

The fourth package of sanctions was released on the 15th of March 2022,¹⁶ it included prohibitions on all transactions with certain state-owned enterprises and on provisions on all credit rating services to any Russian person or entity. The list of persons with export restrictions was extended to include those who work with dual-use goods and technology that contribute to the technological enhancement of the defence and security sector and those connected to Russia's defence and industrial bases. This is linked to the new prohibitions of investment within the Russian energy industry, which introduced an export restriction on equipment, technology and services of this sector.

The fifth package of sanctions was approved by the European Council on the 8th of April 2022.¹⁷ This package has six main points: coal, transport, export bans, extending existing import bans, economic measures and the exclusion of the Russian Federation from any contracts or money exchanges with the EU. The first point, the coal ban, aimed to affect one-fourth of coal and fossil fuel exports originating or exported from Russia. Furthermore, the second point, transport, had two main paths. On one hand, in terms of vessels with the Russian flag, it prohibited the access of these to EU ports.¹⁸ On the other hand, the EU has introduced a ban on any goods transported by road between Russia and Belarus.¹⁹ In terms of exports, the EU imposed new export bans on high-end electronics, jet fuel, quantum computers and advanced semiconductors, as well as, sensitive machinery and transportation equipment. They also added new products to the now extensive list, on wood, cement, seafood, liquor and fertilisers. In terms of finance, new economic sanctions were implemented relating to crypto-wallets and the sale of European banknotes, in addition to four new Russian banks were added to the asset freeze list. This package also sanctioned key oligarchs,

¹⁶ Council Implementing Regulation (EU) 2022/427. Implementing Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine, 15th of March 2022.

¹⁷ Council Regulation (EU) 2022/576 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, 8th of April 2022.

¹⁸ Although there was permission for those vessels that transport food products, humanitarian aid, and energy.

¹⁹ Council Regulation (EU) 2022/577 amending Regulation (EC) No 756/2006 concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine, 8th of April 2022. (*Permission granted for, pharmaceutical, medical, agricultural and food products, as well as transport for humanitarian purposes.*)

as well as high ranking officials of the Russian government and some of their family members.

Moreover, the new sanction which affected EU and Russia's relations on an institutional level was the ban on the participation of the Federation in public procurement in Member states of the Union, financially and other forms of bilateral cooperation. This included support from many entities under the EU's control, such as the Euratom, Erasmus+ programs, Horizon 2020 and Horizon Europe agreements, terminating Russia's participation and suspending any related payments within the scope of these entities and projects.

The sixth package of sanctions was finally decided on the 3rd of June 2022, based on the European Council conclusions of the special meeting on the 30th of May 2022.²⁰ This very controversial package established new sanctions on Russia and Belarus.²¹ It expands previous sanctions, like in the case of banning SWIFT in more banks, as well as, over the export restrictions on materials used in defence and security and it expands the list of individuals and entities. It also limits several services, such as, consulting, public relations and even accounting. This package also expands the restriction in terms of media outlets as sources of misinformation.

Nevertheless, the most decisive point, which had also been the one to create more instability within the EU's Member states, was the imposition of sanctions on oil.²² This package introduced the prohibition to import and/or transport crude oil into the Union from the Federation. Introducing a plan of decreasing the usage of Russian oil during the next six months and eight months for petrol products. With an exception towards Bulgaria and Croatia who would be allowed to have more time to detach from vacuum gas oil and seaborne crude oil originating from the Federation. Nevertheless, the crude oil pipeline also remained an exception for those EU Member states who have a certain dependence on these Russian supplies and for now have no other effective ways of obtaining these energy resources.

On the 21st of July the EU approved the seventh package of sanctions.²³ These new measures aimed to tighten the previous economic sanctions, this included prohibition on any transaction concerning gold of Russian origin. Moreover, this package reinforced export control of all dual use goods, and further detailed exiting measure in terms of aviation, justice and public procurement. This package was mainly used as a reinforcement to the tackling of the Federations' economic sector.

Some months later, on the 6th of October 2022, the eighth package of sanctions was released in response to the escalation of the conflict and with the intention of

²⁰ European Council. Conclusions 488/22 "European Council Conclusions on Ukraine, 30 May 2022", 31st of May 2022.

²¹ European Council. Press release 515/22. 'Russia's aggression against Ukraine: EU adopts sixth package of sanctions', 3rd of June 2022.

²² *Ibid.*

²³ Council Implementing Regulation (EU) 2022/1270 of 21 July 2022 implementing Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine.

further restraining the financing of the war by the elites of the Russian Federation.²⁴ The list of restricted items that contribute to Russia's technological and military enhancement was expanded to include electronic, chemicals and goods used for any degrading treatments towards capital punishment. In terms of the banking sector, it targeted crypto-asset wallets and accounts used to transfer money internationally. In terms of individuals and entities, those who were involved in the organisation of the illegal referenda, persons or outlets in charge of spreading disinformation and high representatives of the defence sector were added to the list. Moreover, the most notable sanction in the eighth package was the price cap on Russian crude oil and petroleum products that are transported maritimately to third countries. This would ultimately reduce the revenue earned from the exportation of oil, furthermore, being a stabilisation tool on energy prices, which had been globally inflating since the beginning of the conflict in March 2022.

Finally, on the 16th of December 2022 the ninth package of sanctions was adopted.²⁵ The last package of 2022 was in response to the escalation of the conflict and the growing targeting of Ukrainian civilians and infrastructure by the Russian Federation. In order to counter these attacks, the EU increased sanctions on exports of dual-use goods, military technology and specific exports such as drone engines.

Furthermore, this package aimed to tackle media outlets, it suspended the broadcasting licences of several outlets which were shaping public opinion polling services, creating disinforming advertising and were continuously providing war propaganda due to the control of the elite of the Russian Federation.

3. IMMEDIATE REPERCUSSIONS OF SANCTIONS

For the past decade, the EU and Russia have diversified away from each other, limiting interactions until it has become a straightforward exchange of energy resources for industrial goods. The issues mount from contradicting directions on future economic paths by both parties, to an inability to construct deeper cooperation or policy-specific measures in sectors such as energy or education. The roots of this 'divorce' lie in an inability to find a model of relations which would not satisfy the EU's economic liberalisation ideals and external promotion of its values through the neighbourhood policy and Russia's efforts to preserve its economic system and influence over ex-soviet space.

In 2022 the packages of sanctions have been diverse, targeting different elements of the economy, industry and individuals of the Russian Federation.

²⁴ Council Implementing Regulation (EU) 2022/1906 of 6 October 2022 implementing Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine.

²⁵ Council Implementing Regulation (EU) 2022/2476 of 16 December 2022 implementing Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine.

Nevertheless, some sanctions have had more immediate consequences. In an initial stage, the elimination of the country's Trade Status with G7 States and the U.S.A, had a large impact on a diplomatic level, this also resulted in higher import tariffs, and with the evolution of the conflict, it brought the refusal of many companies to carry goods in and out of Russia and many deciding on the removal of famous branded consumer providers, both in retail and hospitality, suspending operations and closing outlets. Furthermore, the interruption of transit to or through the EU's airspace has greatly increased costs of mobility and isolated the country further, in addition to the consequent withdrawal of any insurance coverage for air carriers traveling into Russia. Moreover, the asset freezes on the Central Bank and against several other state banks in combination with the halt of the SWIFT system and the limitation of financial transactions by Visa and MasterCard have reduced the State's capacity of continuing with its' global financial activity. Finally, the very extensive list of sanctions towards individuals and entities largely complicates business engagements. In a more general view, the worst affected sectors are those with connections in the following sectors: construction; automotive industries; air transport; manufacturing and steel. In particular those enterprises which work within the government's scope and who, either the company or their leaders, have been greatly impacted by the individual sanctions of travel ban and asset freeze.

These first alterations from the sanctions within the Russian Federation have become evident in the first months of 2022, where in the short and medium-term there are clear negative effects on the supply chains and trade routes as well as barriers on Russian goods, due to the initial fall of the rouble, rising prices and even a drop-in consumer activity. Furthermore, this impact has expanded outside the Federation's borders affecting their influence, image and relationship with some countries and enhancing cooperation with others.

3.1. Impact on Russia's national economy and trade

The Russian Federation has somewhat learned to handle the sanctions imposed by the EU, having mechanisms to aid businesses, banks and therefore the economy. In 2014, as the direct precedent and evident comparison, the currency devaluation came at a high cost for Russian companies, which make money in roubles but repay debt in dollars and other foreign currencies. Furthermore, as the economic sanctions reduced the availability of capital and, also, raised interest rates, which created a capital shortage. It is the economic sanctions that have the most effect in the short term, and hence why the EU decided to harden and spread the scope of those started to impose in 2014. Although eight years ago the Russian Federation also suffered two great financial hits, on one hand, a severe drop in oil prices, which has not been the case in 2022, and a speedy decline of the rouble, which did occur in March, but has had a rapid stabilisation since.

The first evident disarrangements within the Russian federation in the economy and trade sphere have been several. In the first place, disruption of logistics, which include the transportation, financial and insurance sectors, followed by an evident financial destabilisation, which includes higher inflation, a mistrust in banks and the inability of those to normally service customers outside of Russia. In addition, there has been an important hit on domestic demand, where there was a fall in income which lead to inaccessible loan rates and liquidity shortages. Furthermore, there was the fear of possible shortages of key goods as import volumes fell, especially in some food areas and for a short time in March and the beginning of April, some medical supplies. There was also a limitation on technology transfers where Russian producers were hit more than others, yet the full effect on the economic development of this sector might not be fully visible until two to four years.

In terms of businesses, the government aim is to preserve as many foreign investors as possible, being accommodating and, by sustaining the economy as much as possible, prolonging their exit from the country. There seems to be a clear strategy the Russian elite wants to maintain, large employers, suppliers which are a key part of the domestic supply chain, companies that provide support for strategic sectors and lastly companies invested in industries targeted for future growth and export expansion. Furthermore, the government initially stated that it would be forgiving to those companies that have to close temporarily due to supply chain issues or extreme stakeholder and/or global customer pressure and that future economic aid would be provided to ensure the operation of those pressured to close companies.²⁶ Nevertheless, the government could not stop the initial tap out of many international companies, especially from the United States of America and the EU. For example, the billion-dollar company, McDonalds left the Federation on the 8th of March as a sign of disapproval of the military conflict.²⁷ Examples such as this one lead the government to implement a business aid plan in order to stop the initial exit domino effect that had preceded the start of the conflict.

It might be too early to calculate the impact of sanctions on the Russian economy especially in the first months of the conflict, nevertheless, there are some preliminary estimates that predict around an 8 % GDP decrease in 2022 and inflation rising to around 20 %, which is not nearly as much as the rise it suffered in 2014/2015.²⁸ Moreover, the rise on interest rates can be analysed, where in 2017 they rose from 5.5 % to 17 and for now in 2022, from 8.5 % to 20 %. Furthermore, the government did

²⁶ Statement by Mikhail Mishustin on the agenda, '*easy credit terms for procurement of priority imports; establishing the Compulsory Pension and Social Insurance Fund; relaxing liability of businesses for administrative violations; supporting air cargo operations; developing a system for the prompt issuance of Government regulatory and legal acts; and the results of the heating season and preparations of the housing and utility companies and energy companies for the autumn and winter seasons.*' Available at: <http://government.ru/en/news/45441/>, 19th of May 2022.

²⁷ McDonald's to exit from Russia, 16th of May 2022. <https://corporate.mcdonalds.com/corpmcd/en-us/our-stories/article/ourstories.mcd-exit-russia.html>

²⁸ Russia economy, Current trends and Prospects 2022. Available at: www.macro-advisory.com. (Last accessed on 16th of April 2022).

issue higher debt service costs where the Key Rate is similar to that of 2014-15, aiming to partially control inflation and partly to support the rouble. Nevertheless, these higher costs will impact investment and consumption, this has become a reality when from the beginning Russian companies did announce a price increase, where many predicted price hikes of 20 %+ for consumer goods and services but not for basic items.

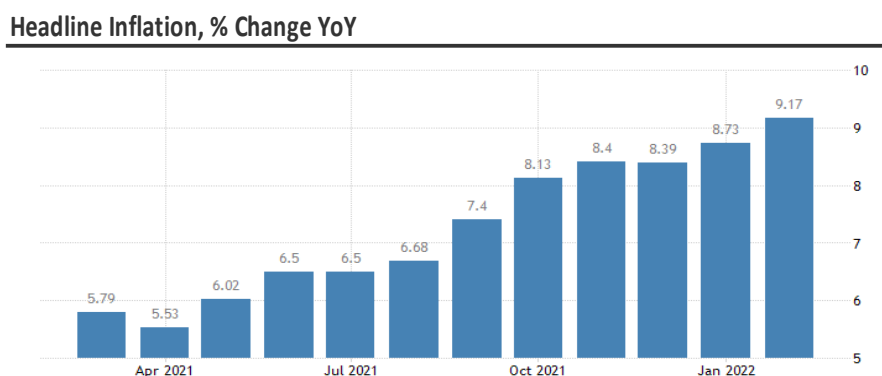


Figure 1. Showing the percentage increase of inflation from March 2021 to February 2022. (Source: Federal State Statistics Service)²⁹

In order to further analyse the economic impact, the rouble's fluctuation has to be examined. In March 2022 the rouble took a severe hit, even worse than in 2014 when it fell almost 50 % versus the US dollar, in 2022 it lost almost 75 % versus the US dollar and over 60 % versus the Euro since October 26th 2021. Nevertheless, it has a rapid recuperation and by April 2022 it has recovered to its value from before the conflict and by May 2022 it has the best exchange rate since the start of the conflict in 2014.

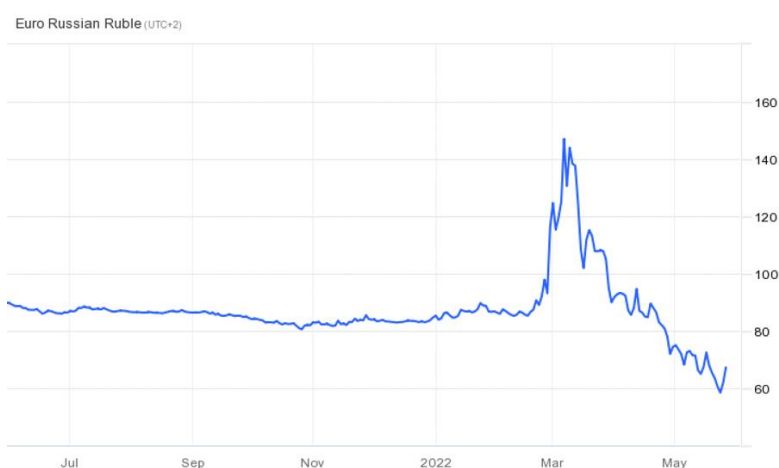


Figure 2. Portraying the roubles' fluctuation in the exchange rate from the euro, from July 2021 to May 2022.³⁰ (Source: Trading Economics)

²⁹ See Russia Inflation Rate in Trading Economics: <https://tradingeconomics.com/russia/inflation-cpi>

³⁰ See EUR-RUB exchange rate: <https://tradingeconomics.com/russia/currency>



Figure 3. Showing the Euro-Rouble exchange rate since before the start of the sanctions regime in 2014 until after the 1st package of sanction in March 2022.³¹ (Source: Trading Economics)

This therefore shows how the current macro-economic situation is driven by political factors and even though sanctions did have a great impact in the past, the Russian Federation has learned to use its internal resources and reconstitute its economy to new partners. This highlights how the usage of sanctions by the EU might not be as effective and they are initially thought out and designed for certain countries, where like in this case, these sanctions have not had as much effect on the economy of the country and have not reached the desired economic choking effect to the financing of the military advancements on Ukraine.



Figure 4. Showing the Euro-Rouble exchange rate since before the start of the conflict in March 2022 until January 2023.³² (Source: Trading Economics)

³¹ Ibid.

³² Ibid.

Since December 2022 the rouble has strengthened as a result of the Russian banks recuperated its position in foreign exchange markets by selling yuan as part of the new Russian budget law for the first time since June 2022, the currency was furthermore backed by investors letting go of foreign currency holdings from December 2022.

These figures clearly show how some the EU's sanctions, such as the sixth package, have a greater influence on the Russian Federation's economy and therefore on their ability to finance the war. Therefore, most of the other packages of sanctions are evidently not as efficient on targeting this field.

3.2. Rearrangements in Russian international relations

Institutional relations between the EU and Russia had been under construction since the fall of the Soviet Union and at the beginning of the 2000 a mutual framework of Four Common Spaces was planned out, accepted in the 2003 summit in Saint Petersburg and further constructed in the Moscow summit of 2005. There was a common ground built on mutual prosperity and a sharing of democratic values in areas such as security, justice and education. Even in 2011, these Common Space areas became a reality of the strategic partnership between both parties, where financial cooperation and unity in terms of cooperation at an international level with neighbourhood policies, combating terrorism and even sharing political views of non-proliferation. Nevertheless, the sharing of these values was broken in 2014, and one of the first measures taken by the EU was to trans-governmentally and transnationally alienate the Russian Federation (Laub and McBride. 2017).

This has been no different in 2022, where even with large divisions to reach a consensus, the EU has continued to portray its power on the global stage by limiting Russia's influence in some international treaties. In the fourth package of sanctions, for example, the EU took the forefront with the G7, together with other nations in the World Trade Organisation denied products and services from the Russian Federation into European markets, therefore suspending the numerous gains that Russia benefitted from being a member of the organisation.

Nevertheless, the EU dialogue, influence together with the United States on certain multilateral organisations, and the scope of limitation of bilateral relations with its Member states, portray a shortage of contact between Moscow and Brussels caused by the sanctions since 2014, but also paradoxically have allowed Russia to multiply the venues of interaction with other States more in line with the foreign policy preferences of Moscow today.

A clear example of the spheres of influence and positions of states worldwide is the United Nations passing of the A/ES-11/L.1 Resolution by the General Assembly on the 1st of March 2022.³³ This resolution against the aggression on Ukraine was passed

³³ United Nations, General Assembly. 'Eleventh emergency special session on the aggression against

by a large majority of countries. Nevertheless, together with the Russian Federation, four other states voted against: Belarus; the Syrian Arab Republic; Eritrea and the Democratic People's Republic of Korea. These are the nations that have defended Russia's position, have political, historical and military ties and have ultimately stated it on the global stage. On the other hand, other nations such as India or Iran abstained in the UN voting but have on occasions justified Russia's actions by saying that they were provoked by NATO and understood their fear for the Federation's national security (Grajewski, 2022).

As it is conveyed in the UN voting, one of Russia's most active supporters both in the 2022 conflict and the political direction of both nations is Belarus. Since the 1990's both nations have strengthened political, economic and military ties. Belarus's geographical position is greatly beneficial for the Russian Federation, it is one of the most important transit routes for Russia's energy exports into the EU and is also a strategically important in terms of connections with the Baltic sea, due to its narrow passage of land between Poland and Lithuania (Leukavets, 2022). President Aliaksandr Lukashenko is a key player in Russia's influence over the country, since the 2020 presidential election, his government's allegiance has grown in terms of policies, economics and military concessions. It is therefore this partnership that has driven the EU to also impose certain restrictive measures on Belarus, especially regarding economic and military resources, exports and imports.

The most powerful new alliance has been with China, where, at the beginning of 2022, before the start of the conflict, a new alliance with Xi Jinping where they were adopting shared views on global issues. The building of the partnership had been slowly constructed by the leaders of both states as a counterpoint to the USA's unipolarity (Borozna, 2022). They both shared the ideals of new spheres of influence and renovated centres of political power which aligned with the Russo-Chinese strategic culture based on a new multipolar global order. After the start of the conflict in 2022, the Chinese government did maintain tight relations with the Federation, where through the buying of gas and other exports they economically aided the country and benefitted from the rupture of relations with the EU. Nevertheless, China has remained neutral in regard to the military conflict and has not been directly involved in the conflict as Russia's government ideally would have wanted.

4. EVALUATION OF SANCTIONS OUTCOMES

4.1. Have sanctions achieved the objectives intended by the EU?

The sanctions regime adopted by the EU globally is the main economic and diplomatic tool that singles out when a country goes against the EU's values and beliefs, it is the most direct set of measures available to the EU's external action service. Nevertheless,

even if proven to destabilise and even alienate countries, in the case of the Russian Federation, due to their longevity and lack of unity on certain topics among the Member states, it has not had the desired effect.

Introspection is necessary, where the role of the European Council in foreign affairs and sanctions policy could be re-examined. The European Council has a subordinate role in cases when EU Heads of State and Government take over the right of initiative and instruct it, alongside the Commission, to adopt legal acts to tackle urgent issues (Szép, 2020). While the European Council makes strategic choices in crisis situations, the Council is forced to choose between tangible measures affecting mostly material factors. Another clear division within the EU, there is with those Member states who are sympathetic towards having bilateral relations with the Federation due to historical or cultural factors. Where because of the unified front of the EU, some states have led to become prisoners of the EU's solidarity system.

Although, the real issue comes in the way these sanctions are constructed and how they are contracted. The EU seems to build sanctions for democratic states with certain values and a political hierarchy that complies with western ideals of democracy. Nevertheless, the states that they are sanctioning often lack this structure and therefore the sanctions do not have the desired effect that the Union wishes to have. It has been demonstrated that sanctions barely affect the elite and that they rarely become big policy changes (Galtung, 1967). This is particularly worrisome in a situation such as the military conflict in Ukraine, where the elite financing such movements is not impacted and therefore sanctions render obsolete. On the other hand, in other situations sanctions have a signalling effect on states violating an international treaty or norm, such as in Iran and the exports and imports of nuclear equipment in the last decade.

In 2014, due to the large destabilisation of the rouble and the isolation of the Russian Federation from many international organisms it was largely thought, that even though sanctions did not undo the situation in Crimea it would at least minimise the risk that Russia would seek to openly destabilise other parts of Ukraine or even Moldova and Georgia (Dreyer & Popescu, 2014). This has not been the case. Since 2014, the Russian Federation learned to re-stabilise its economy and build a nearly 'self-sufficient' market economy based within the borders of its nation to not be suffocated by the longevity and repetitiveness of sanctions. This has therefore created a set of mechanisms that have allowed for the first five packages of sanctions to have been initially destabilising but have not reached the goal of restraining the financial aid towards the military conflict in Ukraine.

Furthermore, these restrictive measures have allowed Vladimir Putin to tentatively replace his political direction with nationalism and anti-Westernism (Dreyer & Popescu, 2014). Sanctions have opened a channel for patriotism creating an external enemy that is used by the government as a propaganda weapon. Even with the disinformation that the population has on the military conflict in Ukraine, the European sanctions are seen as attacking the population and this ultimately favours the general

opinion on the direction chosen by the government to protect their nation from an external threat. This has ultimately united both the elite and the population through the construction of a common enemy which is historically seen as having used the Federation only in moments of despair, such as in the Second World War. Furthermore, regardless of sanctions regime, Russia is still deeply involved in Ukraine and has increased its military engagement in the Donbas region even after the first packages of restrictive measures were imposed. These sanctions did not suppress Russia into reversing its posture in Ukraine.

Finally, going back to the idea of a certain rupture in the position of the Member states of the Union, the fact that the EU even after the conflict has started, continues to buy energy from Russian Federation, gives a bad global image. Where on one hand it is sanctioning and aiming to disrupt the Russian economy, but at the same time, that State receives roughly 1 billion euros a day for its fuel exports into that same sanctioning body (Otero, 2022). This brings up the premiss of the long negotiation between Member states of the sixth package of sanctions where was a growing consensus among the states that in order to halt the military aggression, sanctions would need to be extended to the energy sector (further tan coal) and that the EU would need to stop purchasing Russian oil and gas because it could be faced with the dilemma of financing the war it is ultimately trying to stop.

This is why the process of deciding the sixth package concentrated on breaking energy paths from the Federation, with the exception of some Member states, is a turning point for the type of sanctions that the EU has imposed before 2022. Even though the EU could be negatively impacted by this decision, in terms of energy costs in many semi-dependent states, Member states have decided in a majority that these types of restrictive measures are essential to cut off the fossil fuel dependency from the Russian Federation and can create high economic damage which can be beneficial to the potential limitation of money and supplies towards the military conflict.

4.2. How has the Russian Federation minimised the effect of EU sanctions?

On the other side of the coin, the Russian Federation has had to adapt to the sanctions regime since 2014. In 2022 the government had to prioritise sectors in order to sustain the national economy under the new packages of EU sanctions, creating self-sustained mechanisms in different sectors, such as agriculture, supply chains and even in terms of finances.

Supply chains and critical industries were treated differently in 2022, learning from 2014 that they would suffer greatly, the government has particularly focused its efforts on retaining companies within critical sectors, such as pharmaceutical, healthcare and other consumer or social areas. Russia is the most extensive country in the world and having very diverse ecosystems has allowed a restructure of food products from other states. This relates to the changes in self-sufficient food supplies

from inside the state, growing up to 80 % in 2020 compared to 40 % before 2014 (S&P Global, 2020), therefore the Federation does not rely on external resources anymore. The government has also created greater trade diversification where Russia's largest trade partner is now China, and this relationship has a much larger percentage of trade than with sanctioning countries. This self-sufficient system and diversification have allowed the state to be prepared in 2022, not allowing sanctions on imports and exports of food to the Union affect the national economy or the stability of products supplied to the population.

In terms of creating jobs, the state's priority was to maintain employment and income stability. The government had become more flexible and helped businesses stay within the Federation, even if that means monetary aid in cases of temporary closure for some businesses. On the other hand, those that announced a permanent exit were now faced with full nationalisation or asset seizures.³⁴ The government has learned through time that job losses are inevitable as a secondary effect of import sanctions, especially in terms of auto assembly sectors, which are directly affected by voluntary actions such as the consumer sector and have therefore prioritised the regulation of the national economy in the short term to be able to re-activate these consumer sectors and prevent job losses in the long term.³⁵

Russia has also seen the opportunity to increase countersanctions in 2022. Having a further on the export of materials to "unfriendly states", also prohibiting certain transactions on national from those states, such as: not allowing to get loans in roubles or transferring ownerships of securities or real estate (Gibson Dunn, 2022). Furthermore, to directly challenge EU sanctions the government established that until the 21st of December 2022, where national banks and financial institutions are allowed not to publish information in furtherance to avoid certain sanctions, this applies in particular to ownership and control structure, management bodies and officers and any corporate restructuring.³⁶

Finally, the Russian Federation's reinforcement of the financial system has allowed stability where in response to 2022's sanctions had no risk of collapsing. The financial structures are supported and have a significant cashflow lifeline and during the first months, some banks could use SWIFT to enter the capital and therefore Russia could be paid for energy and materials exports. This is why the EU increasingly expanded the list of banks that could not use SWIFT and why it is significant in the sixth package that oil is targeted to prevent those very high payments which benefitted the Russian economy.

Other important changes by the government have been budget changes to support economic stability, where national projects have been abandoned as financial resources and will instead target employment and social sectors, as well as the military. Furthermore, inflation control mechanisms have been put in place, some examples are

³⁴ Russian economy, Current trends and Prospects 2022. Available at: www.macro-advisory.com

³⁵ Bank of Russia. Monetary Policy. 7th of June 2022.

³⁶ Russian Federal Law No. 55-FZ of March 14, 2022. Available at: <https://www.cbr.ru/eng/dkp/>

price caps or export quotas. The Russian Central Bank has taken out dollars from its system and it is then extremely difficult to remove this currency from the country therefore creating a corralito-style asset freeze on money.

The Russian government has learned that its economic performance is dependent on the longevity of sanctions and therefore its resilience and the coping mechanisms have become the key in order to maintain certain stability. All these previously mentioned changes are essential to make sure the Federation's current military operations and international position are affected the least possible by the imposition of any possible restrictive measures by the EU or any other state or international organisation.

All in all, even if all the previously mentioned preventive measures worked, EU sanctions have achieved the destabilisation of the Russian Federation. From a state, that since the fall of the Soviet Union, had significantly prospered economically and was aiming to become one of the economic and political leaders of the 21st century, to a state which has had to restructure many sectors and had to reposition its priorities both nationally and in the international sphere.

5. CONCLUSIONS

All in all, the evolution of the EU sanctions regime has proven to not be as effective as they were originally designed to be. Their implementation and renewal are generally based on unanimous decisions amongst Member states and in 2022 this has slowed down the decision-making process, especially in the 5th and 6th package of sanctions concerning fossil fuel dependency. As sanctions get more precise and try to create a reaction on more important or specific sectors, it becomes increasingly problematic amongst the Member states who may have historic and cultural ties or even certain economic or energetic dependency on those sanctioned sectors of the Russian Federation. Moreover, in the Federation, as time has progressed coexisting with the restrictive measures, it has allowed for the government to create new mechanisms and alliances to protect the state and its people from more serious long-lasting consequences of sanctions. Hence the rapid recuperation from the first 2022 packages and even the setting in place of self-made counter-sanctions towards some states of the EU.

At first glance, it may have seemed like the EU had a large grasp on what affected the Russian Federation and for many years after the 2014 Crimean separation from Ukraine, it seemed like the restrictive measures had stopped the influence of the Federation and that the territorial integrity of Ukraine would not be threatened anymore. The long list composed of key persons and entities which aided the construction of infrastructure, political influence and financial assistance seemed to have limited their resources and therefore stopped the expansion. This was proven to not be the case in the military conflict of 2022 within the areas of the Donbas and the further expansion of Russian troupes in Ukraine, taking the EU by surprise. This was a

crucial strategic move because it meant that the large organisms that comprise the EU would take time to mobilise and gain consensus on important new sets of sanctions. This was the case and ultimately why the Federation was able to counter-effect the first packages of sanctions within the first one hundred days of the conflict.

By examining the timeline of sanctions through analysing various factors, such as longevity, implementation and impact, comparisons and patterns become more visible. It has therefore become easier to evaluate their evolution, helping to know if EU restrictive measures are being designed correctly for the Russian Federation. This study can therefore serve as a starting point to identify potential sequences and see if more changes to the current sanctions regime should be implemented, maybe shifting the sectors they might target and even contemplate if the renewal process can evolve with the conflict and not become too repetitive. The current periodic renewal of the EU sanctions regime has allowed for some modifications, but in the case of the sanctions on the Russian Federation, it has become repetitive over the years and has allowed the Federation to anticipate the EU's next steps and therefore follow its expansion over Ukraine with less fear of the possible repercussions.

Nevertheless, the fundamental analysis in the near future should be concentrated on the impact 5th and 6th packages of sanctions. Because, on one hand it has become a turning point in the EU's external policy, considering that it has created exceptions of unanimous agreement to the packages' implementation for some of the Union's Member states. Moreover, it is considered to be particularly risky since it could be jeopardising the EU's energetic sources and could potentially become self-damaging in the coming months and as a long-lasting consequences. On the other hand, practitioners should consider how the impact of these two packages will influence differently on the Russian Federation. They are very different to any previously implemented sanctions, because they cut off a large percentage of the national income, which can potentially weaken the elite and start to incapacitate the financing of the military offence.

In conclusion, the evolution of the EU sanctions regime on the Russian Federation has expanded greatly since the first set of restrictive measures in 2014. This has contrived both parties to constantly adapt to the situation, constructed a set of recurring issues and even created visible patterns, used by the Russian Federation for the creation of coping mechanisms to minimise consequences and by the EU to intensify and perpetuate pressure.

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