SECTION III

International Involvement

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CHAPTER 14

Does the Russia Sanctions Revolution Bring About Change?

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Abstract

The further 2022 Russian invasion of Ukraine prompted the deployment of unprecedented sanctions and other measures targeting Russia, Belarus, and Iran. The sanctions imposed on Russia are designed to seriously weaken its economic base and limit its ability to continue to wage war against Ukraine. Despite Russia's current status as the most sanctioned country in the world, the effectiveness of the sanctions remains uncertain due to Russia's prior preparations for this contingency following its annexation of Crimea in 2014, as well as the non-universal applicability of the sanctions. While it remains premature to ascertain the extent to which the sanctions have achieved their goals, some lessons can be identified.

Keywords: Effectiveness, Economic sanctions, Russia, Ukraine

1. Introduction

In reaction to the Russian invasion of Ukraine, the UK, the US, and other Group of Seven (G7) members,[1] alongside the EU and several like-minded states imposed unprecedented individual and economic sanctions against the Russian Federation (Russia). The swift international response, high level of coordination and the scope of the packages have even resulted in the term 'sanctions revolution.'[2] With these measures, this group of countries and the EU aims to discourage a continuation of the war by obstructing the Russian economy, weakening the Russian military capabilities and targeting the people and entities in charge.

Although Russia is currently the most sanctioned country in the world,[3] this does not necessarily mean that the sanctions are effective in reaching their goal.

[1] The G7 is an informal forum where leaders of some of the key states of the international economic system (Canada, France, Germany, Italy, Japan, the UK, and the US) meet to discuss current world-issues.

[2] European Parliament, "EU sanctions on Russia: Overview, impact, challenges."

[3] Castellum, "Russia sanctions dashboard."

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In response to the sanctions imposed on Russia after the annexation of Crimea and the destabilisation of Eastern Ukraine, Russia adopted a strategy referred to as 'Fortress Russia' to counter international sanctions by building reserves and reducing foreign debt reliance and imports.[4] In addition, in the literature, it is often found that only a minority of sanctions are effective. For example, Hufbauer, Schott and Elliott find that most, although not all, sanctions between 1915 and 2000 have failed to discourage military adventures.[5] Biersteker, Eckert, Tourinho and Hudáková find UN targeted sanctions to be effective in 22% of the cases.[6] Nevertheless, first evidence points in a different direction for sanctions in the case of Russia. Portela and Kluge (2022) have evaluated the impact of the EU sanctions in terms of economic and political effects during the first months after the invasion. They find a negative economic impact that is unevenly distributed among the Russian population. Further, they do not observe political effects.[7] The International Monetary Fund (IMF) has estimated that Russia's GDP has fallen by 2.1% in the first year after the invasion.[8] To date, however, few academic studies have examined the success of these sanctions during a longer period by looking at different levels of effectiveness.

The aim of this chapter is to evaluate the effectiveness of the EU sanctions imposed on Russia during the first one-and-a-half years of the war. First, this chapter introduces sanctions by giving a brief overview of the different types of sanctions that are in place against Russia as a response to its aggression in Ukraine. In addition, this paragraph addresses the aim of the sanctions. Second, the chapter sets out the three-level framework to evaluate the effectiveness of sanctions. Third, it evaluates the sanctions against Russia on these three levels. The final paragraph is used to conclude.

2. Sanctions

2.1 Sanctions in general

Throughout history, states have used sanctions as a robust foreign policy and national security tool.[9] Following WW I, sanctions also became a valuable instru-

4 Demertzis, Hilgenstock, McWilliams, Ribakova, and Simone Tagliapietra, "How have sanctions impacted Russia?"

5 Hufbauer, Schott, Elliott, and Oegg, *Economic Sanctions Reconsidered: History and Current Policy,* 70.

6 Biersteker, Eckert, Tourinho, and Hudáková, "UN targeted sanctions datasets (1991-2013)," 408.

7 Portela and Kluge, "Evaluating EU sanctions against Russia after the invasion of Ukraine," 6.

8 International Monetary Fund, "Russian Federation."

9 Today, the reasons for imposing sanctions range widely and include support for terrorism, narcotics trafficking, proliferation of weapons of mass destruction, and human rights abuses.

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ment in the collective security system of the League of Nations and, later, the UN. Still, there is no generally accepted, authoritative definition of the term.[10] For the purpose of this chapter, we will use the following generic description. Sanctions, or 'restrictive measures' as they are commonly referred to in the EU, are measures not involving the use of armed force, which a state or international governmental organisation can impose on a state, entity, or individual to exert pressure and induce a change in policy or behaviour.

Sanctions have developed significantly over the past decades. Initially, they were typically broad in scope, generally targeting the economy of a single state. As such, these comprehensive sanctions proved to be blunt and deadly tools because of their unintended but disastrous humanitarian impact on the targeted state.[11] Consequently, in the late 1990s, more focused, targeted sanctions were introduced, intended to minimise the negative consequences for the civilian population by focusing on individuals, entities, and businesses. These targeted sanctions generally take the form of arms embargoes and trade restrictions; financial measures such as asset freezes; and travel bans.[12]

Until recently, these sanctions were primarily country-specific, addressing issues in relation to a particular state. Today, the use of thematic (or: horizontal) sanctions has gained much traction. Unlike country-specific sanctions, they focus on certain topics, such as human rights violations, cyber activities, chemical weapons, or acts of terrorism, without geographical limitations[13] allowing the listing of individuals regardless of their location or citizenship.

Sanctions imposed by the Security Council of the UN (UNSC) through a Security Council resolution have a clear legal basis and the broadest possible scope of application as the authority to impose sanctions derives from the UN Charter. It gives the UNSC the power to act when it has determined the existence of a threat to international peace and security,[14] whilst member states are obliged to carry out these sanctions resolutions.[15]

States and international organisations such as the EU can adopt sanctions legislation to implement the UN sanctions. Moreover, they can supplement these sanctions or impose sanctions in situations where no UN sanctions apply. Although

[10] E.g. UN Doc A/HRC/48/59, 8 July 2021, Unilateral coercive measures: notion, types, and qualifications. Report of the Special Rapporteur on the negative impact of unilateral coercive measures on the enjoyment of human rights, Alena Douhan, para 19.

[11] Voetelink, "International Export Control Law – Mapping the field," 69-94.

[12] The Genocide Network, "Prosecution of sanctions (restrictive measures) violations in national jurisdictions: a comparative analysis, Expert Report," 8.

[13] Portela, "EU horizontal sanctions and the courts: Questions of interface," 32.

[14] Articles 39 and 41 of the UN Charter.

[15] Article 25 of the UN Charter.

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some question the legality of these autonomous or unilateral sanctions,[16] they are common practice nowadays. Since Russia, as a permanent UNSC member, can veto any UNSC resolution, the UNSC is rendered powerless in the present conflict in Ukraine. As a result, the international community had to rely on autonomous sanctions to take action against Russia following its recognition of the self-proclaimed Republics of Donetsk and Luhansk and the armed attack on Ukraine.

2.2 Russia sanctions

Consequently, the EU, the G7 members, and like-minded states,[17] subjected Russia to an unprecedented and coordinated 'rolling program of intensifying sanctions.'[18] Partially building on the sanctions imposed on Russia since 2014,[19] they hit Russia with every possible sanction in the sanctions playbook, making it the most sanctioned state in the world today.[20]

According to the EU, UK, and the US, the ultimate target of the sanctions is Russia's war machine.[21] Therefore, they are designed to seriously weaken Russia's economic and financial base and limit its ability to continue to wage war against Ukraine.[22] Furthermore, the sanctions aim to impose economic and political costs on Russia's political elite responsible for the invasion.[23] Consequently, the sanction measures include the freeze of assets and travel bans, arms embargoes and other trade restrictions, and sanctions on specific sectors of the economy, including defence, energy, transport, and finance. The effect of the sanctions is strengthened as businesses are voluntarily exiting the Russian market.

The 15,000-plus sanctions (as of October 2023)[24] are shored up by a wide range of other measures. For example, the US has amended its export control laws, further

[16] As analysed in UN Doc A/HCR/48/59, July 8, 2021, Report of the Special Rapporteur on the negative impact of unilateral coercive measures on the enjoyment of human rights, Alena Douhan, Unilateral coercive measures: notion, types, and qualification, para 68.

[17] *Inter alia,* Australia, Iceland, New Zealand, Norway, Singapore, South Korea, Switzerland, and Taiwan.

[18] Mills, "Sanctions against Russia," 15.

[19] Sanctions were imposed in response to the annexation of Crimea and Sevastopol and the ongoing destabilisation of eastern Ukraine.

[20] In March 2023, Russia was targeted by around 13,000 sanctions; Bergmann, Toygür, and Svendsen, "A continent forged in crisis: Assessing Europe one year into the war."

[21] EU-US-UK: Joint Statement on global food security and Russia sanctions by the High Representative of the European Union Josep Borrell, US Secretary of State Anthony Blinken, and UK Foreign Secretary James Cleverly

[22] E.g. Mills, "EU sanctions against Russia explained," 53.

[23] Idem.

[24] Castellum, "Russia sanctions dashboard."

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restricting the transfer of commodities, technology, and software to Russia. Moreover, several states have revoked, or are in the process of doing so, Russia's Most Favored Nation (MFN) status under the World Trade Organization (WTO) agreements,[25] which allows them to increase or impose new tariffs on Russian imports.[26]

As the success of autonomous sanctions depends not only on close coordination between allies but on enforcement as well, additional actions have been taken to coordinate and improve the implementation and enforcement of the Russia sanctions. In February 2022, the G7, the EU and Australia set up a transatlantic task force: the Russian Elites Proxies and Oligarchs (REPO) Task Force, to ensure the effective implementation of sanctions.[27] REPO operates closely with the Freeze and Seize Task Force established by the EU to coordinate the European sanctions.[28] Also, the European Commission has drafted a proposal to make a violation of an EU sanction an EU crime[29] in order to improve the uniform implementation and enforcement of EU sanctions across the EU.[30]

3. Effectiveness

The effectiveness of sanctions is usually defined as the extent to which the goals of the sanctions are achieved. Most authors consider sanctions to be 'successful' when they lead to a policy change, or at least a behavioural change in the target country.[31] In the 2000s there was a debate on the effectiveness of sanctions. Baldwin and Drezner described the 'sanctions paradox,' which entailed that scholars agreed that most sanctions were not bringing about the desired behavioural change, while at the same time, sanctions were often used by politicians.[32] Further, there was also disagreement about the term effectiveness itself. Some authors thought that sanctions were only successful if the target country adjusted its behavior in accordance with

[25] The MFN status under the World Trade Organization agreements implies that states cannot discriminate between their trading partner and any favour granted to one country has to apply to all WTO-members.

[26] Mills, "EU sanctions against Russia explained," 26, 43, 56, 70, and 73.

[27] UK Government ministerial joint statement "Russian Elites, Proxies, and Oligarchs Task Force."

[28] European Commission, "Sanctions against Russian and Belarussian oligarchs."

[29] Under article 83(1) of the Treaty on the Functioning of the EU.

[30] EU Doc COM (2022) 684 final, 2022/0398 (COD), 2 December 2022, Proposal for a Directive of the European Parliament and of the Council on the definition of criminal offences and penalties for the violation of Union restrictive measures.

[31] Peksen, "When do imposed economic sanctions work? A critical review of the sanctions effectiveness literature," 636.

[32] Baldwin, "The sanctions debate and the logic of choice," 1-24.

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all demands of the sending country.[33] Others also considered a settlement between the two parties, or some form of adjustment in the desired direction a success.[34]

Biersteker and Van Bergeijk state that the assessment of sanctions should not focus on behavioural change on the side of the target only. They explain that sanctions often have several goals. Hence, the effectiveness should be assessed based on these different goals.[35] Barber sets out three types of policy goals associated with sanctions. The primary objective of a sanction is to change the behaviour of a target country. The secondary objective has to do with the status and reputation of the country that is imposing the sanctions. A sanction has a signaling function toward other countries. For instance, imposing sanctions could give the impression that the sending country is a responsible member of the international community or could deter other countries from similar behaviour as the target country.[36] As a tertiary objective, a sanction could affect the functioning of the international system.[37]

In addition, Brzoska argues that measuring the success of a sanction solely by looking at its ability to cause policy change would give an incomplete representation.[38] Brzoska has proposed different levels of effectiveness to evaluate arms embargoes, sanctions, and counterterrorist financing measures.[39] First, he looks at a change in trade patterns, and then he evaluates whether a policy change is observed because of the embargo.[40] Secrieru also analysed the effect of the EU sanctions after the annexation of Crimea in 2014 on three levels: the impact of the sanctions on Russia's strategic objectives, operational goals, and tactical means.[41]

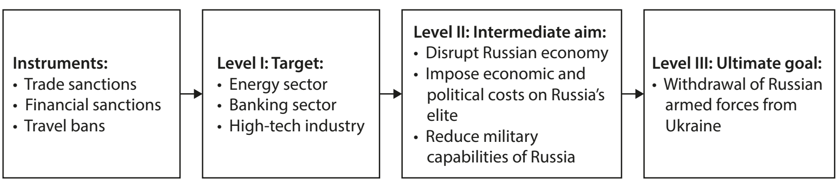

Figure 14.1: Effectiveness of arms embargoes

[33] Pape, "Why economic sanctions do not work," 97.

[34] Hufbauer, Schott, Elliott, and Barbara Oegg, *Economic Sanctions Reconsidered: History and Current Policy*, 49-50.

[35] Biersteker and Bergeijk, "How and when do sanctions work? The evidence," 18.

[36] The Targeted Sanctions Initiative also evaluates sanctions by their ability to signal.

[37] Barber, "Economic sanctions as a policy instrument," 369-372.

[38] Brzoska, "The power and consequences of international sanctions," 2.

[39] Brzoska, "Measuring the effectiveness of arms embargoes," 2-3; Brzoska, "Consequences of assessments of effectiveness for counterterrorist financing policy," 913-914; Brzoska, "Research on the effectiveness of international sanctions," 143-160.

[40] Brzoska, "Measuring the effectiveness of arms embargoes," 2-3.

[41] Secrieru, "Have EU sanctions changed Russia's behavior in Ukraine?," 39.

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In the next section, we follow these lines of thought and evaluate the effectiveness of the sanctions on three levels.[42] First, we evaluate whether the sanctions have an impact on the targeted sectors and have influenced trade patterns and international capital flows (Level I). Second, we discuss whether there is evidence that the Russian economy and military capabilities are affected (Level II). Sometimes it is unlikely that the target country will change its policy. In that case, it can be a goal to hinder the activities of that country by raising the costs of continuation.[43] An effect on the Russian economy and military capability means Russia is enduring higher costs.[44] The EU has stated that it wants to obstruct the Russian economy with sanctions to induce different behaviour on the Russian side.[45] Most sanctions try to change behaviour by inflicting economic pain on the target country.[46] Therefore, finally, we assess whether the sanctions can achieve the ultimate goal of coercing Russia to cease its actions in Ukraine (Level III).

4. Analysis of the effectiveness of the Russian sanctions

4.1 Level-I assessment

The economic sanctions imposed are primarily aimed at three important business sectors: the energy, banking, and high-tech industries.

4.1.1. Energy sector

The Russian economy is highly dependent on the revenues from oil and gas exports. In the years before the invasion, it comprised about 60% of the total exports and almost half of the government budget. At the time of the invasion, Moscow supplied nearly 40% of the gas consumed by the EU and nearly one-third of crude oil. This gave Russia significant leverage over large importing countries such as the Netherlands, Germany, and Hungary, but it also created a major dependency for the country itself.[47]

[42] The levels used in this paper are slightly different from the ones used by Brzoska. Brzoska defines Level III-effectiveness as initiator satisfaction, while in our chapter the effect on the economy and military capabilities plays a larger role.

[43] Biersteker and Van Bergeijk, "How and when do sanctions work? The evidence," 18-19.

[44] The Targeted Sanctions Initiative also evaluates sanctions by their ability to constrain resources.

[45] European Council, "EU sanctions against Russia explained."

[46] Lektzian and Souva, "An institutional theory of sanctions onset and success," 850.

[47] Hosoi and Johnson, "How to implement an EU embargo on Russian oil," 116.

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In March 2022, the U.S. started to ban the import of Russian crude oil, liquified natural gas, and coal, and restricted U.S. investments in most Russian energy companies. The EU, particularly Germany, was at that stage against import restrictions to secure the energy supply. In December of that year, the G7 allies agreed to a cap that aims to limit the price of Russian crude oil to $60 per barrel or less. The EU went even beyond the cap by imposing a complete oil embargo.[48]

Despite their severity, the energy sanctions adopted so far have not significantly reduced Russia's revenues accruing from gas and oil exports. Instead, the EU alone has paid almost €100 billion for Russian fossil fuels since the start of the invasion.[49] The core problem is that sanctions were discussed for a long time, but actual restrictions on energy imports from Russia came very late. In most of 2022, therefore, less than 10% of the export value of Russian energy was under sanctions. The ongoing sanctions discussion against the world's most important gas exporter and second most important oil exporter has also driven up world market prices. Thus, although export volumes of Russian fossil fuels have decreased overall by about 20% compared to one year before, revenues have remained stable due to high world market prices.[50]

Meanwhile, the situation forced Russia to find new customers to fill the export gap left by the sanction-supporting countries. Especially China and India were eager to take their place. As a result of the increased Russian energy exports, the value of total exports to China increased in the first half of 2022 by nearly 50% and by approximately 228% to India.

Despite its Fortress Russia strategy, Russia has not succeeded completely in anticipating the financial sanctions by an international coalition of countries. The drastic measures targeting assets held abroad were unprecedented. They immobilised about $300 billion worth of assets – or almost half of the pre-war total of $643 billion – of the Central Bank of the Russian Federation, limiting the central bank's ability to aid the war effort and mitigate the impact of the sanctions.[51]

Immediately following the seizure of the international reserves, the ruble dropped by about 50% in value. However, this market reaction was very short-lived. By April 2022, the exchange rate returned gradually, almost to pre-invasion levels. While true that the ruble has strengthened, it is only because Moscow has made it difficult for Russian businesses and individuals to withdraw money and convert

[48] Idem.

[49] Rácz, Spillner, and Wolff, "Why sanctions against Russia work," 52-55.

[50] Myllyvirta, Thieriot, Lietava, Uusivuori, Borgmästars, Tattari, Ulvan, Mykhailenko, and Ilas, "Financing Putin's War: Fossil fuel exports from Russia in the first six months of the invasion of Ukraine."

[51] Demertzis, Hilgenstock, McWilliams, Ribakova, and Tagliapietra. "How have sanctions impacted Russia?"

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it to foreign currency. The contemporary strength of the ruble is predicated upon strict currency controls and a sharp plunge in imports, which has subsequently hurt several Russian industries.[52]

However, after an initial surge in demand for liquidity – driving deposit withdrawals and a short-lived collapse in the ruble – the Central Bank of Russia was able to stabilise the situation by hiking interest rates and imposing capital controls, while at the same time supplying banks with ample ruble liquidity. As a result of this intervention, a systemic crisis did not occur, and banks' ability to provide credit to the private sector remained intact. Thus, Russia was able to avoid spillovers into the real economy. In addition, the central bank required exporters to convert the majority of their revenues into rubles, as concerns over ruble weakness and foreign exchange liquidity subsided. Thus, the current ruble exchange rate is not merely a reflection of the value of the Russian economy's fundamentals. Rather, it is a testament to the fact that financial sanctions are isolating the ruble internationally.

4.1.2. Banking sector

As far as commercial banks are concerned, the several waves of financial sanctions on Russia's largest financial institutions have impacted about 80% of Russian banking sector assets.[53] These restrictions include: i) a full ban on transactions and the freezing of assets; ii) limitations on access to capital and financial markets; iii) restrictions on debt and equity; and iv) disconnection from the SWIFT financial messaging system.[54] Although the restrictions are fairly comprehensive overall, they do leave some important loopholes for cross-border transactions by these institutions. Specifically, restrictions are not implemented consistently across the most important financial markets and jurisdictions. For instance, the Gazprom bank, the third-largest bank in asset terms, was initially exempted from full-blocking sanctions because of its critical role in energy trade.

Being shut out of the SWIFT financial transfer system hurts trade. Although Moscow has developed Russian-backed rival technologies which operate independently of Western ones, these alternative payment systems are not popular enough to augment the loss of Russia's expulsion.

[52] Idem. Rácz, Spillner, and Wolff, "Why sanctions against Russia work," 52-55.

[53] Demertzis, Hilgenstock, McWilliams, Ribakova, and Tagliapietra. "How have sanctions impacted Russia?"

[54] Nell, Hilgenstock, Dodonov, Pavytska, Shapoval, Vlasyuk, Pokryshka, Bilousova, and Ivanchuk, "One year of war: Sanctions impact assessment and action plan for 2023."

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4.1.3. Tech industry

The international sanctions curb the exports of high-tech products, such as aircraft equipment or semiconductors, to Russia to curtail its military capabilities. For instance, Russia's military aviation program no longer benefits from the revenue and resupply of aviation trade.[55]

Various sanction packages are specifically designed to target the Russian high-tech industry; these measures include: (1) The sanctions list of companies operating within the defence sector of Russia, as well as individuals involved in military production, has been expanded. (2) The list of dual-use goods prohibited for export to Russia has been extended. (3) Existing trade licenses for exporting dual-use goods to Russia have been suspended.[56]

As a response to overcome the impacts on its military supply chain and to illicitly procure foreign technology, Russia is attempting to evade sanctions and export controls using a range of techniques, including front companies and fraudulent end-user licenses and exploring the options of alternative supplier countries such as China, Iran, Türkiye, Kazakhstan, and even North Korea to supply critical technologies such as drones.

4.2 Level-II assessment

4.2.1. Economic impact

From a macroeconomic perspective, Putin's war has resulted in a contraction of the Russian economy. However, during the early days of the war, the expectation was that this economic contraction would be sharp – by as much as 15%. Since then, those numbers have been heavily revised downwards by institutions such as the IMF, World Bank, and OECD, as the latest forecasts show a contraction of as little as 2 to 5% in 2022. Thus, sanctions have inflicted some pain on Russia's economy but have not caused widespread economic collapse in the short run.[57]

The explanation behind the moderate contraction is that Russia has spent years bracing itself for this situation. First, effective Russian economic policy prevented the economy from freefalling. The government provided support equivalent to 3% of GDP in the form of social benefits, tax breaks, subsidies for loans, and increasing

[55] Rácz, Spillner, and Wolff, "Why sanctions against Russia work," 52-55.

[56] Nell, Hilgenstock, Dodonov, Pavytska, Shapoval, Vlasyuk, Pokryshka, Bilousova, and Ivanchuk, "One year of war: Sanctions impact assessment and action plan for 2023."

[57] Demertzis, Hilgenstock, McWilliams, Ribakova, and Tagliapietra. "How have sanctions impacted Russia?"

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the minimum wage. Government consumption was also increased to compensate for the big drop in investment and private consumption. Second, the current account has improved dramatically in the first year of the sanction imposition because of shrinking imports and high prices for the main export goods. The balance-of-payments dynamics suggest that Russia might be able to rebuild reserves quite quickly, undermining the effectiveness of sanctions. Finally, a very swift and sizeable intervention by the Russian Central Bank stabilised the exchange rate and provided liquidity to the banking system. This prevented the economic crisis from turning into a financial crisis that would have put the economy into a self-fulling negative spiral.[58]

Nevertheless, in the medium to long term, potential growth is expected to be very low, as Russia has shifted spending from investment to its military, lost access to key technologies, and diminished its human capital due to brain drain, while multinational corporations have fled Putin's Russia. According to estimates, over 1,000 global companies have curtailed or suspended operations in Russia. These companies represent with their revenues about 40% of the Russian GDP and around one million jobs. A brain drain accompanies the company exodus. More than 500,000 Russians have already left the country, about 50% of whom have a high level of education or worked as skilled workers in the tech industry.[59] Moreover, in the coming years, the Russian deficit will widen sharply due to the rising costs of the war and missing oil and gas revenues, driving increased borrowing and withdrawals of the National Wealth Fund and causing more visible adverse effects on Russia's balance of payments.

4.2.2. Impact on military capabilities

The international sanctions have significant and long-lasting consequences on Russia's defence industrial base, which relies extensively on foreign-sourced items. Russia's defence industry is reliant on imported microelectronics. However, since the imposition of allied restrictions, Russia has had no access to imports from many global sources, and Russia has only been able to rely on Western-made parts and components that it stockpiled in advance, but these stocks are limited or depleted. Import substitutes cannot fully replace pre-2022 shipments of Western high-tech products. Russian defence companies are using various strategies to evade sanctions and ensure the flow of technological components needed for its military industry.[60]

[58] Portela and Kluge, "Evaluating EU sanctions against Russia after the invasion of Ukraine."

[59] Rácz, Spillner, and Wolff, "Why sanctions against Russia work," 52-55.

[60] Demertzis, Hilgenstock, McWilliams, Ribakova, and Tagliapietra. "How have sanctions impacted Russia?"

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By restricting Russia's access to advanced goods, technology, and services, the coalition of Western countries has degraded the Russian defence industry's ability to replace weapons destroyed in the war. The Russian military is reportedly cannibalising chips from dishwashers and refrigerators to fix their military hardware because they have run out of semiconductors. The Russian military-industrial complex is not able to replace foreign high-tech components in Russian armaments in the near term.[61] Major supply shortages for Russian forces in Ukraine, partly because of sanctions and export controls, force Russia to turn to less technologically advanced countries.

4.2.3. Alternative suppliers

A large part of the world does not condemn Russia for its aggression against Ukraine. According to Demertzis et al. (2022), most of the world's total population is either neutral or endorses Russian aggression.[62] This is of great significance because it indicates that many countries are not necessarily willing to isolate Russia by helping to enforce sanctions and stop economic ties with Russia. Some of Russia's neighbours have acted as middlemen, importing Western goods and then sending them on to Russia. Moscow has additionally pursued alternative trade supply routes from places like China, India, Turkey, and Kazakhstan.

The crucial question for Russia is whether it will be able to substitute for the lack of imports from the sanctioning countries in the medium term. Apart from China and India, all other countries in the top ten largest economies subscribed to the sanctions. China and India are thus the natural trading partners for Russia. Doubts persist about whether rising Chinese and Indian imports can substantially replace critical technologies from sanctioning countries. Thus, the sanctions are impactful by weakening Russia's economic base and, in particular, preventing access to critical technologies. The concrete industrial consequences of the sanctions and their consequences for Russia's war-fighting capability can be observed particularly well in the vehicle and weapons industries.

4.3 Level III-assessment

So far, the economic sanctions have failed to stop Russia's aggression in Ukraine, which is the ultimate goal of the sanctions. It may create the perception that sanctions have not been effective in doing economic harm to Russia or undermining its capacity to continue the war in Ukraine. The confusion around the effectiveness of sanctions

[61] Idem.

[62] Idem.

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ultimately stems from a lack of clarity about their subordinate goals. Sanctions supporters argue that the punishments are not only designed to crush Russia's economy or force Putin out of Ukraine. They stress the signaling function of sanctions that sends the message that violating international norms and invading a democratic neighbour will be met with a strong coalition response. Other proponents argue that the effectiveness of the penalties should be measured over years rather than months.

Besides, the sanctions imposed after the Russian invasion of Ukraine could still deter other countries like China from undermining the sanctions. The sanctions may also deter China from carrying out its own aggressive acts against Taiwan. As for effectiveness, the sanctions have proven among the most powerful in modern history, mainly because so many countries have gone along with them.[63]

5. Conclusion

The answer to the question of whether the sanctions against Russia have reached their ultimate goal is somewhat inconclusive. The effects we currently observe might be different from the effects in the long run. Further, it is not fully clear if the sanctions only have one goal (military withdrawal of Russia from Ukraine, hindering the Russian funding of the conflict) or have multiple (i.e., signaling international norms or deterring any future actions of adversary states). If multiple goals exist next to each other, the relationship between the different goals is not obvious.

Nevertheless, we can draw some important lessons from the current sanction episode. First, based on existing academic and policy literature, it is expected that sanctions are most effective when they are unexpected and unanticipated. However, since Russia had already prepared itself for possible sanctions after the annexation of Crimea in 2014, the current sanctions might impede on their short run effectiveness. However, the current expectation is that the Russian economy will by now start to feel the harm of the sanctions. This will also be reflected in the military capabilities in the near future of the Russian armed forces. This sanction revolution might therefore shift the paradigm in the literature by not only focusing on the short run effect, but also the long run implications. Second, it is often argued that countries only support sanctions that do not harm themselves or only a little. However, in this case, many EU countries had to deal with extraordinary energy prices and inflation due to the war and the subsequent sanctions because of the connectedness of the economies due to the trade in oil and gas. Finally, the current political debate centres on whether the scope of the sanctions should be widened to also cover countries that help Russia evade the primary sanctions. This step

63 Hufbauer and Hogan, "How effective are sanctions against Russia?"

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would be a real sanction revolution as these kinds of sanctions are not taken often. Meanwhile, one should not forget that the sanctions currently imposed on Russia lack a universal character (such as is the case with UN sanctions). Hence, there are many countries that did not feel obliged to impose sanctions on Russia or that are in fact increasing trade with Russia. So, the question of whether the sanctions are effective can perhaps only be answered with more certainty in the coming years.

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