

Nana Lisa Heider:
Is the Sanctions Regime against Russia Effective?



1) What is so special about the sanctions raised against Russia?

- (a) The sanctions against the Russian government are so called “sectoral sanctions”. In the past, typically target sanctions (e.g. against designated individuals or entities) or country sanctions (e.g. US sanctions against Cuba) have been issued. The sanctions against the Russian government are targeting specific Russian business sectors; that is the financial sector (e.g. five of the major state owned banks have been listed), the energy sector and the defense sector.

The sanctions have not only been imposed against the few listed entities, but also against the “downstream entities”; meaning all affiliated entities that are owned by a sanctioned entity.

- (b) The second particularity is that the sanctions programme imposed by the EU is almost completely identical to the sanctions programme imposed by the US authority.

2) Recent developments

On March 19 it has been announced that the EU is predicating lifting the sanctions on the implementation of the Minsk Peace Treaty II. This is been interpreted as a factual prolongation of the sanctions until at least the end of 2015. Besides, it is a specific guide to action to the Russian government and sets clear and measurable conditions.

3) Direct effects of the sanctions programme

- (a) Experts are estimating that the sanctions have resulted in a three digit billion loss for the Russian economy as of today. The Russian [ruble](#) has

fallen dramatically against the USD and EUR, inflation has increased, and economic growth has slowed down. In addition, falling oil prices coincided with the sanctions and became an additional driver of Russia's economic crisis.

However, the Russian government imposed so called “countersanctions”; restricted import of agricultural products and other consumer goods. Besides the effect on European companies, this also resulted in negative effects for the Russian consumers with the cost of goods increasing (which translates in a higher inflation) and goods available locally in Russia decreasing.

- (b) The sanctions against the Russian government have for sure been a demonstration of the solidarity between EU member states and even within the alliance with the USA.

4) Indirect effect of the sanctions programme

Besides the direct effectiveness of the sanctions programme, the desired indirect effect has not (yet) been achieved. So far, there has been no change in the current course of action of the Russian government in the Crimea/Ukraine case.

5) Conclusion

Sanctions have been established as an additional option for action in conflict matters especially for a community of nations as the EU. They may be considered a step positioned between negotiations and military action.