

# Economic Sanctions and Factors Inhibiting Success: An Analysis of Recent Sanctions Against the Russian Federation

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**Abstract:** This paper seeks to analyze why economic sanctions implemented in 2022 by the West have so far failed to succeed in pressuring the Russian Federation to withdraw its military forces out of Ukrainian territory by examining the factors that influence their effectiveness. The paper first provides a brief history of the Russian-Ukrainian conflict and the events leading up to the sanctions imposed on Russia in 2022. It then provides an overview of the sanctions imposed on Russia in 2014 as a means of comparison with those currently being implemented. The paper then identifies and analyzes the factors that contribute to the shortcomings of sanctions. Finally, the paper concludes by providing policy recommendations with the intention of making sanctions more effective.

**Keywords:** Economic Sanctions, Russian Invasion, Ukraine

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## Introduction

Since the Invasion of the Crimean Peninsula, the West's main tool against Russian aggression has been economic sanctions. Thus far, these sanctions have not deterred the Russian invasion. This paper seeks to explain this conflict, understand factors as to why western economic sanctions thus far have not been effective in achieving political goals, and discusses policy recommendations. In this paper, economic sanctions are defined and understood as the following:

*The withdrawal of customary trade and financial relations for foreign and security-policy purposes. Sanctions may be comprehensive, prohibiting commercial activity with regard to an entire country, like the long-standing U.S. embargo of Cuba, or they may be targeted, blocking transactions by and with particular businesses, groups, or individuals.*<sup>170</sup>

Before examining the effects of 2022 sanctions, this paper first provides a brief historical background of the Russian-Ukrainian war. It then proceeds by examining the effects of 2014 sanctions and identifies why they remained limited. The paper then analyzes the current situation of sanctions imposed on Russia and why they continue to have a minimal impact on the Russian economy, failing to thwart the country's efforts in Ukraine. Finally, the paper concludes by providing several policy recommendations to improve the effectiveness of sanctions.

## A brief history of the Russian-Ukrainian conflict

The Russian-Ukrainian conflict dates back to 1991 with the dissolution of the Soviet Union. Upon gaining independence in 1991, the Russian government has struggled to come to terms with the idea of Ukraine as a sovereign nation.<sup>171</sup> According to Scaliger,

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<sup>170</sup> Masters, Jonathan. 2019. "What Are Economic Sanctions?" Council on Foreign Relations. August 12, 2019. <https://www.cfr.org/backgrounder/what-are-economic-sanctions>.

<sup>171</sup> Golanski, Robert. "One Year after Minsk II: Consequences and Progress." *European View* 15, no. 1 (2016): 67–76. <https://doi.org/10.1007/s12290-016-0398-2>.

*Both cultures [Russian and Ukrainian] regard the Ukrainian capital, Kyiv, as their ancestral heartland, a view vindicated by a shared history and language that only diverged in the Middle Ages. Even today, the Russian and Ukrainian languages are so similar as to be mutually comprehensible, and both peoples are predominantly Orthodox Christian. Moreover, large swaths of land in Ukraine, as recognized internationally, are almost entirely ethnic Russian.*<sup>172</sup>

It is easy to understand why Russians believe they have a claim over parts of Ukraine; ethnically Russian people heavily populate the eastern part of the country. Since the dissolution of the Soviet Union, many Ukrainians have desired to move closer in relations to Western Europe rather than Russia, more specifically joining NATO and the European Union. When the former Soviet Union and Warsaw Pact countries i.e. Estonia, Lithuania, Slovakia, Latvia, Hungary, Bulgaria, Poland, and Romania joined NATO, Russia became worried that NATO was encroaching on its “sphere of influence”.<sup>173</sup> Western officials insisted soon after the dissolution of the Soviet Union that NATO was not a threat to Russian influence, but these efforts have not convinced Russia, with many of its former allies growing closer to the western world.<sup>174</sup>

Russian fears were further triggered following the removal of pro-Russian President Viktor Yanukovych. In 2013, former President Yanukovych rejected an “Association Agreement with the European Union.”<sup>175</sup> In response, pro-European protests broke out in major Ukrainian cities, including Kyiv. According to Kulyk, many Ukrainians perceived this action as “a closure of Ukraine’s ‘door to Europe’ and, accordingly, ‘robbing the Ukrainian people of a future’”.<sup>176</sup> When the Ukrainian Special Forces attacked and assaulted peaceful protestors, the protests evolved into a “mass action

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<sup>172</sup> Scaliger, Charles. “RUSSIA VS. UKRAINE IS IT OUR FIGHT?” *The New American* (Belmont, Mass.) 38, no. 3(2022): 10–16.

<sup>173</sup> Ibid.

<sup>174</sup> Ibid.

<sup>175</sup> Kulyk, Volodymyr. “Ukrainian Nationalism Since the Outbreak of Euromaidan.” *Ab imperio* 2014, no. 3 (2014): 94–122.

<sup>176</sup> Ibid.

of national scope”.<sup>177</sup> These protests, referred to as the Euromaidan, ultimately paved the way for the Revolution of Dignity, the uprising that led to the removal of President Viktor Yanukovich.

Following the removal of President Viktor Yanukovich, Russia started a “humanitarian” project in Crimea in order to “protect” the ethnically Russian people who lived in Crimea, a peninsula in the south of Ukraine.<sup>178</sup> The Russian Government claimed that “neo-Nazis and other far-right groups were now going to commit violence against ethnic Russians and Russian speakers in Ukraine.”<sup>179</sup> Citing these reasons, Russia annexed the peninsula of Crimea using the force of unmarked Russian troops.<sup>180</sup> This action constituted a violation of the Budapest Memorandum<sup>181</sup> by failing to respect the independence, sovereignty, and borders of Ukraine.

As Russia proceeded to annex Crimea, pro-Russian separatists clashed with pro-Ukrainian forces. In eastern Ukraine, in the Donbas region, the Donetsk People’s Republic and the Luhansk People’s Republic declared independence from Ukraine and claimed swaths of the region as their territory.<sup>182</sup> These states are understood to be “Russian proxy pseudo-states” recognized as a tool in supporting Russian claims over Ukraine.<sup>183</sup> In 2014, the Minsk Agreement was signed, establishing a ceasefire agreement between pro-Ukrainian and pro-Russian forces. This agreement however, did little

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<sup>177</sup> Shveda, Yuriy, and Joung Ho Park. “Ukraine’s Revolution of Dignity: The Dynamics of Euro-maidan.” *Journal of Eurasian studies* 7, no. 1 (2016): 85–91.

<sup>178</sup> Chappell, Bill, and Mark Memmott. “Putin Says Those Aren’t Russian Forces in Crimea.” NPR, March 4, 2014. <https://www.npr.org/sections/thetwo-way/2014/03/04/285653335/putin-says-those-arent-russian-forces-in-crimea>.

<sup>179</sup> Biersack, John, and Shannon O’Lear. “The Geopolitics of Russia’s Annexation of Crimea: Narratives, Identity, Silences, and Energy.” *Eurasian Geography and Economics* 55, no. 3 (2014): 247–69. <https://doi.org/10.1080/15387216.2014.985241>.

<sup>180</sup> Ibid.

<sup>181</sup> The 1994 Budapest Memorandum, also referred to as the “Memorandum on Security Assurances” is an agreement signed by Ukraine, who at that time agreed to reduce its nuclear weapon arsenal to zero in return for the security assurances of Russia, the USA, and the United Kingdom should Ukraine become the target of any future aggressions.

<sup>182</sup> Golanski, “One Year after Minsk II: Consequences and Progress”

<sup>183</sup> Ibid.

to stop fighting in the area. After fighting resumed, a second Minsk Agreement was signed, however it has never been “implemented in full”.<sup>184</sup>

In 2021, Russia began to build up its military forces on the border of Ukraine, close to Donetsk and Luhansk.<sup>185</sup> This buildup of forces was explained away by Russia as a military training exercise.<sup>186</sup> However, by late February 2022, it was apparent that Russia was lying when the Russian military, with over 200,000 troops, invaded the western region of Ukraine in what was described by them as a “peacekeeping mission”.<sup>187</sup> In actuality, these troops sought to take over Ukraine.<sup>188</sup>

## 2014 Sanctions and their Effectiveness

In response to the Russian invasion of Crimea in 2014, the European Union introduced economic sanctions. These sanctions included embargoes on exports of equipment for oil drilling, the military, and engineering.<sup>189</sup> 2014 sanctions also focused more on the Crimean region, rather than Russia as a whole.<sup>190</sup> These sanctions targeted “individuals and entities involved in annexation, as well as anyone doing business in or with Crimea.”<sup>191</sup> In 2015, the United States introduced sanctions on Russian banks such as VEB, Bank of Moscow, VTB Bank, Rosselkhozbank,

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<sup>184</sup> Menkiszak, Marek. “Russia’s Minsk Dilemma.” *The Polish Quarterly of International Affairs* 26, no. 4 (2017): 70–85.

<sup>185</sup> Masters, Jonathan. “Ukraine: Conflict at the Crossroads of Europe and Russia.” Council on Foreign Relations. Council on Foreign Relations, 2022. <https://www.cfr.org/backgrounder/ukraine-conflict-crossroads-europe-and-russia#chapter-title-0-5>.

<sup>186</sup> Ibid.

<sup>187</sup> Ibid.

<sup>188</sup> Ibid.

<sup>189</sup> Shirov, A. A., A. A. Yantovskii, and V. V. Potapenko. “Evaluation of the Potential Effect of Sanctions on the Economic Development of Russia and the European Union.” *Studies on Russian Economic Development* 26, no. 4 (2015): 317–26. <https://doi.org/10.1134/s1075700715040103>.

<sup>190</sup> DuBard, Adam. “War in Europe: 2014 and Now: Will Sanctions Change Putin’s Calculations?” Friedrich Naumann Foundation, 2022. <https://www.freiheit.org/2014-and-now-will-sanctions-change-putins-calculations>.

<sup>191</sup> DuBard, “War in Europe: 2014 and Now: Will Sanctions Change Putin’s Calculations?”.

and Gazprombank.<sup>192</sup> These sanctions severely restricted their access to the US financial system.<sup>193</sup> Additionally, this round of sanctions also targeted large Russian energy companies, Rostneft and Novatek.<sup>194</sup> It is worth noting the contrast between EU and US sanctions. The US directly sanctioned Russian Energy companies i.e. Rostneft and Novatek, while the EU chose to not go that route. This small detail highlights how, in 2014, the EU was not willing to cut off imports of Russian oil and gas due to their dependence on Russian pipelines. As seen and shown, European countries cannot easily change their dependence on Russian gas in the short run.<sup>195</sup>

Initially, it was assumed that the economic sanctions were having their intended effect when the Russian economy went through a recession between 2014 and 2015. However, according to analysts, it cannot be assumed that there is a link between the two. Many other factors could have caused this recession, most notably the fall in gas prices from \$115 to \$35 per barrel.<sup>196</sup> Furthermore, the International Monetary Fund found that only 1.0-1.5 percent of Russia's economic output was reduced as a result of western sanctions.<sup>197</sup>

As observed, 2014 western sanctions were not correlated with a large economic impact to Russia's economy. But what about politically? According to the Council on Foreign Relations, "[Sanctions] didn't appear to have much immediate effect, disappointing policymakers who hoped sanctions would deter Russian interventionism. Russia is still active in Ukraine."<sup>198</sup>

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<sup>192</sup> Oxenstierna, Susanne, and Per Olsson. "The Economic Sanctions against Russia: Impact and Prospects of Success." *Swedish Defence Research Agency*, September 2015.

<sup>193</sup> Ibid.

<sup>194</sup> Ibid.

<sup>195</sup> Ibid.

<sup>196</sup> Chatzky, Andrew. "Have Sanctions on Russia Changed Putin's Calculus?" Council on Foreign Relations. Council on Foreign Relations, May 2019. <https://www.cfr.org/in-brief/have-sanctions-russia-changed-putins-calculus>.

<sup>197</sup> Ibid.

<sup>198</sup> Ibid.

## Effectiveness of 2022 Sanctions

As highlighted in the previous section, sanctions in 2014 were not severe, as they did not ban Russia from SWIFT, and focused more on Crimea than the Russian economy. These sanctions did do damage, as stated before, but ultimately did not achieve its goal of convincing Russia to withdraw from Crimea.<sup>199</sup>

Learning from the experience of 2014 sanctions, 2022 sanctions put in place in the wake of the February invasion of Ukraine are more intensive. The 2022 sanctions removed large Russian banks from SWIFT, which prevented Russian banks from being able to do international transactions.<sup>200</sup> The European Union also is implementing a ban of Russian oil by sea. The United States is implementing a more intensive strategy, by planning to ban all Russian oil.<sup>201</sup> According to BBC, The EU relies on Russian gas for 40% of their needs, making them less enthusiastic to introduce more harsh sanctions.<sup>202</sup> Additionally, the West has targeted Russian oligarchs. By sanctioning these wealthy, powerful people, the West hoped to influence the oligarchs to convince Putin to change Russia's military actions.<sup>203</sup>

On April 6<sup>th</sup>, 2022, the White House stated "As long as Russia continues its brutal assault on Ukraine, we will stand unified with our allies and partners

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<sup>199</sup> Chatzky, Andrew. "Have Sanctions on Russia Changed Putin's Calculus?" Council on Foreign Relations. Council on Foreign Relations, May 2019. <https://www.cfr.org/in-brief/have-sanctions-russia-changed-putins-calculus>.

<sup>200</sup> BBC. "What Are the Sanctions on Russia and Are They Hurting Its Economy?" BBC News. BBC, June 27, 2022. <https://www.bbc.com/news/world-europe-60125659>.

<sup>201</sup> The White House. "Fact Sheet: United States, G7 and EU Impose Severe and Immediate Costs on Russia." whitehouse.gov. The United States Government, April 6, 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/04/06/fact-sheet-united-states-g7-and-eu-impose-severe-and-immediate-costs-on-russia/>.

<sup>202</sup> The White House. "Fact Sheet: United States, G7 and EU Impose Severe and Immediate Costs on Russia." whitehouse.gov. The United States Government, April 6, 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/04/06/fact-sheet-united-states-g7-and-eu-impose-severe-and-immediate-costs-on-russia/>.

<sup>203</sup> Tavernise, Sabrina, and Matt Apuzzo. "Will Sanctioning Oligarchs Change the War?" The New York Times. The New York Times, March 22, 2022. <https://www.nytimes.com/2022/03/22/podcasts/the-daily/russian-oligarchs-sanctions-ukraine-war.html?showTranscript=1>.

in imposing additional costs on Russia for its actions”<sup>204</sup> From this statement, it can be concluded that the main goal of sanctions is to change Russia’s military behavior in the context of the Russian-Ukrainian War.

At their core, sanctions are meant to put pressure on countries to act in a certain way. With the fundamental understanding of sanctions in mind, it can be deduced that, in the short run, sanctions have not achieved their overarching goal – to change the Russian Federation’s military behavior. Namely, sanctions have not put enough pressure on Russia to withdraw the military out of Ukraine and to respect their sovereignty. That is not to say that Russian sanctions have been totally ineffective: The International Monetary Fund projects that the Russian Federation’s real GDP will fall by 8.5% in 2022 and that consumer prices will increase by 21.3%.<sup>205</sup> Although these numbers are promising, the Russian economy has been bouncing back from sanctions quicker than first expected, with the Russian ruble bouncing back to pre-war exchange rates.

## Analysis

This paper seeks to explain factors of sanction effectiveness and analyze them in context of the 2022 Russian sanctions to explain why sanctions have not resulted thus far in changing Russia’s military actions. Three factors will be analyzed in this paper: so called sanction buster states, length of sanctions, and international coordination.

Firstly, sanction buster states will be considered. According to the book, “Busted Sanctions: Explaining Why Economic Sanctions Fail”, third party states can mitigate the effects of economic sanctions, therefore causing them to fail to be as effective as sanction sender states would like them to be.<sup>206</sup> Third party

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<sup>204</sup> The White House, “Fact Sheet: United States, G7 and EU Impose Severe and Immediate Costs on Russia.”

<sup>205</sup> IMF. “Russian Federation and the IMF.” International Monetary Fund, 2022. <https://www.imf.org/en/Countries/RUS>.

<sup>206</sup> Early, Bryan R. *Busted Sanctions: Explaining Why Economic Sanctions Fail*. Stanford, CA: Stanford University Press, 2015.



states can be used by target states to supply resources that sanction senders attempt to cut off.<sup>207</sup> These will now be discussed in the proceeding section

In 2014, discussions in the West were held about removing Russian banks from SWIFT, a Western based system used by banks to make international payments. Although it was ultimately not acted upon in 2014, Russia never forgot the possibility of Russian banks being cut off from the world wide network. Anticipating this threat in the future, Russia pioneered its own alternative to SWIFT, a system called The System for the Transfer of Financial Messages.<sup>208</sup> The head of development for the system claims that this system already has eight international banks in its membership book.<sup>209</sup> By the framework laid out, these foreign bank entities are considered sanction-busters. Russia anticipated the future correctly, because in 2022, the West did what they had failed to agree to do before: restrict Russian bank access to SWIFT.

Another alternative to SWIFT that Russia could utilize is the Chinese based system of CIPS, or the Cross-border Interbank Payment System. This system was engineered in 2015 by the People's Bank of China. According to the Center for Strategic and International Studies, transactions are growing on CIPS.<sup>210</sup> Russia, along with other countries disillusioned with the Western world order, now have the possibility of seeking out CIPS as an alternative to using SWIFT. Both systems – The System for the Transfer of Financial Messages and CIPS not only mitigate the impact the removal from SWIFT was supposed to have, but they also draw anti-western countries closer together.

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<sup>207</sup> Ibid.

<sup>208</sup> Shagina, Maria. "How Disastrous Would Disconnection from Swift Be for Russia?" Carnegie Endowment for International Peace, 2021. <https://carnegiemoscow.org/commentary/84634>.

<sup>209</sup> The Moscow Times. "Eight Foreign Banks Join Russian Transfer System." The Moscow Times, July 25, 2022. <https://www.themoscowtimes.com/2019/10/02/eight-foreign-banks-join-russian-transfer-system-a67555>.

<sup>210</sup> Center for Strategic and International Studies. "Sanctions, Swift, and China's Cross-Border Interbank Payments System." Sanctions, SWIFT, and China's Cross-Border Interbank Payments System | Center for Strategic and International Studies, 2022. <https://www.csis.org/analysis/sanctions-swift-and-chinas-cross-border-interbank-payments-system>.

An additional partnership that Russia has been looking to strengthen has been one with India. India has remained a “neutral” power in sanctions against Russia.<sup>211</sup> India has “neither condemned Russia’s invasion of Ukraine nor imposed sanctions, although it abstained from the UN Security Council vote.”<sup>212</sup> In the wake of western sanctions, India has been looking into ways to sanction bust with Russia. According to the Council on Foreign Relations, India has been bolstering their economic ties with Russia, with India “using rupee debt for joint investment to promote Russian-Indian strategic partnership.”<sup>213</sup> Russia and India have also been looking into other partnerships, such as “a rupee-ruble trade agreement.”<sup>214</sup>

These two partnerships have the potential to change the world order that has been around since the end of World War II. These actions not only draw non-western countries together, but may lead to a polarization of two opposing forces, therefore disrupting the international order.

Secondly, the length of time sanctions are imposed is an important dimension in understanding whether these sanctions will be effective or not. According to the Swedish Defense Research Agency, “The longer sanctions stay in place, the higher the accumulated costs”.<sup>215</sup> However, sender countries may reduce the length of sanctions for many reasons. A factor of sanction length is public support for sanctions. If costs of economic sanctions to the sender country are high, leaders may face political pressure to reduce or end sanctions by their constituents. If sender countries face political pressure to reduce or end sanctions due to costs on their own countries, they may be forced or coerced to end sanctions.

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<sup>211</sup> Zongyuan, Zoe Liu. “Besides China, Putin Has Another Potential De-Dollarization Partner in Asia.” Council on Foreign Relations. Council on Foreign Relations, 2022. <https://www.cfr.org/blog/besides-china-putin-has-another-potential-de-dollarization-partner-asia>.

<sup>212</sup> Ibid.

<sup>213</sup> Zongyuan, “Besides China, Putin Has Another Potential De-Dollarization Partner in Asia.”

<sup>214</sup> Ibid.

<sup>215</sup> Oxenstierna and Olsson, “The Economic Sanctions against Russia: Impact and Prospects of Success.”

“Busted Sanctions: Explaining Why Economic Sanctions Fail” suggests sanctions put in place by the United States government in the past have “cost Americans billions of dollars and hundreds of thousands of jobs”.<sup>216</sup> High costs for sender countries such as these can often be enough for citizens to totally reject sanctions, therefore putting pressure on elected officials to end sanctions prematurely or to not raise sanctions even higher. If target countries anticipate sender countries de-escalating sanctions or not raising sanctions even higher, they may not change their behavior.

The U.S. Energy Information Administration reports that before the Russian-Ukrainian war, in January 2022, gas prices in United States averaged at \$3.413 per gallon. In June of 2022, gas prices were \$5.032 per gallon, an all-time high.<sup>217</sup> This rapid increase in gas prices has been linked to the complete US ban of Russian oil. This ban reduced the supply of oil, therefore driving up prices at the pump.<sup>218</sup> According to Gallup, as of June 2022, 67% of Americans polled described gas price increases as causing “financial hardship” for them and their households.<sup>219</sup> They also averaged an Economic Confidence Index of -58, the lowest recorded since the 2008-2009 financial crisis.<sup>220</sup> Poll results such as these show that Americans are unhappy with the state of the economy as a whole.

By ending sanctions prematurely, it undermines the potential impact they might have in the long run. Although sanctions in the short-term have not yet succeeded in ending the war between Russia and Ukraine, they could in the long-run by crippling Russia’s economy. Josep Borrell, the High Representative of the European Union for Foreign Affairs and Security

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<sup>216</sup> Early, “Busted Sanctions: Explaining Why Economic Sanctions Fail.”

<sup>217</sup> USEIA. “Petroleum Prices.” U.S. all grades all formulations retail gasoline prices (dollars per gallon), 2022. [https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=emm\\_epm0\\_pte\\_nus\\_dpg&f=m](https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=emm_epm0_pte_nus_dpg&f=m).

<sup>218</sup> Smith, Kelly Anne. “Will Gas Prices Continue to Decline? How to Save At The Pump This Summer.” *Forbes*. *Forbes Magazine*, July 18, 2022. <https://www.forbes.com/advisor/personal-finance/how-to-save-money-on-gas/>.

<sup>219</sup> Saad, Lydia. “Gas Prices Squeezing Americans as More Rate Economy ‘Poor’.” *Gallup.com*. *Gallup*, July 20, 2022. <https://news.gallup.com/poll/394190/gas-prices-squeezing-americans-rate-economy-poor.aspx>.

<sup>220</sup> *Ibid*.

policy, posits that it may “take a long time for [sanctions] to have the desired effect”.<sup>221</sup> If sanctions were to end before the end of 2022, arguably it would undermine their introduction in the first place.

A third and final factor to consider, is international coordination for economic sanctions, deemed critical for their effectiveness. The Swedish Defense Research Agency for example, argues “the diverse agendas of different senders may create confusion and competition, which can be used by the target state. Multilateral sanctions issued by individual states may also divide the senders, thereby decreasing the pressure on the target for change in political behavior.”<sup>222</sup> This paper also supports this claim, and puts forth that uncoordinated sanctions can have a reduced effect on the target country and should instead be highly synchronized. This concept will be touched upon in the proceeding section of this paper.

## Policy Recommendations

The question that continues to preoccupy the minds of government officials, policymakers, and scholars is “How can sanctions against Russia work more effectively?” Bearing in mind the framework, reasoning, and explanations offered in this paper, a few policy recommendations are presented with the goal of increasing the efficiency and effectiveness of sanctions.

“The involvement of international institutions” the Swedish Defense Research Agency argues, “is found to increase the chances of sanction success.”<sup>223</sup> As touched upon previously, disorganized sanctions can decrease their impact. The European Union has done a fair job of rallying member countries to coordinate sanctions. However, dissent remains between

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<sup>221</sup> Borrell, Josep. “The Sanctions against Russia Are Working.” The sanctions against Russia are working | EEAS Website, 2022. [https://www.eeas.europa.eu/eeas/sanctions-against-russia-are-working\\_en](https://www.eeas.europa.eu/eeas/sanctions-against-russia-are-working_en).

<sup>222</sup> Oxenstierna and Olsson, “The Economic Sanctions against Russia: Impact and Prospects of Success.”

<sup>223</sup> Oxenstierna and Olsson, “The Economic Sanctions against Russia: Impact and Prospects of Success.”

countries. Germany for example, originally opposed banning Russia from SWIFT. Out of all EU countries, Germany trades the most with Russia. Therefore, banning Russia from SWIFT would negatively impact the German economy.<sup>224</sup> Additionally, Hungary opposed any EU sanctions that imposed Russian energy limits since it heavily relies on Russian gas.<sup>225</sup> As time has gone on, however, both Germany and Hungary have changed their stance, agreeing with European Union measures.

As demonstrated, international institutions are vital to sanction collectivism. It also represents the first policy recommendation suggesting the European Union should keep their sanctions solid and unified. It is therefore vital that the European Commission passes the proposal introduced on May 25<sup>th</sup> 2022 that would make sanction violations a crime in the European Union.<sup>226</sup> Countries who fail to comply could face fines imposed against them. Incentives should be provided to EU countries that undertake the most severe sanctions against Russia and to countries that follow sanctions by the book. For example, incentives could include EU funding for public programs for the country. The funding for these incentives should be drawn from fines imposed against EU member states that are found to be not following sanctions. This approach simultaneously encourages member states to abstain from violating sanctions as well as provides reason to follow them more closely.

A second policy recommendation would be for the EU for Western countries to fight sanction buster states. As previously discussed, sanction buster states have the potential to lessen the effect that sanctions have on target states. If states such as China and India continue to move closer

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<sup>224</sup> Reuters. "Germany Softens Stance on Curbing Russian Access to Swift." Reuters. Thomson Reuters, February 26, 2022. <https://www.reuters.com/world/europe/germany-favour-targeted-functional-swift-curbs-russia-minister-2022-02-26/>.

<sup>225</sup> Al Jazeera. "Why Is Hungary Not Backing EU Sanctions on Russian Oil?" Oil and Gas News | Al Jazeera. Al Jazeera, May 10, 2022. <https://www.aljazeera.com/news/2022/5/10/explainer-why-is-hungary-blocking-sanctions-on-russian-oil>.

<sup>226</sup> European Commission Press Release. "Ukraine: The Commission Proposes Rules on Freezing and Confiscating Assets of Oligarchs Violating Restrictive Measures and of Criminals." European Commission – European Commission, May 25, 2022. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_3264](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_3264).

to Russia and provide outlets from sanctions, they should face penalties. According to Bryan Early, “Policy makers can selectively target trade likely trade-based sanction busters with intensive diplomatic or coercive pressure to prevent them from sanction busting.”<sup>227</sup> This is the approach that should be taken with states such as India and China if they continue down the diplomatic path they are currently on.

A final policy recommendation is to combat sanction fatigue. As the war goes on and the media loses focus on the Russian-Ukrainian invasion, many citizens of countries like the United States, who are experiencing large gas price increases, begin to wonder why sanctions are being utilized. This mindset is one that discourages collectivism for Ukraine. A public information campaign that shows the horrific crimes Russia is committing while occupying Ukraine could help citizens of countries being impacted by higher prices understand that sanctions against Russia are for the greater good of the world. The western media must not forget about Ukraine as the war goes on, or else public support for the sanctions could be lost.

## Conclusion

Sanctions are a tool of international policy that have been utilized historically to attack a country in such a way that it does not cause full military escalation. Although the sanctions utilized by the West in the Russian-Ukrainian War have had some effects on the Russian economy, the impact has not been large enough to change Russia’s war path in Ukraine.

This paper has examined the current state of economic sanctions and their effect, discussed a brief history of the Russian-Ukrainian conflict, reviewed a case study of the 2014 sanctions imposed on Russia for its invasion in Crimea, analyzed factors contributing to the effectiveness of sanctions directed at Russia, and offered policy recommendations for the future in order to increase their effectiveness. Furthermore, this paper has identified three critical factors to improve the impact of sanctions: identify and

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<sup>227</sup> Early, “Busted Sanctions: Explaining Why Economic Sanctions Fail.”

address sanction buster states, ensure the length of time sanctions are enacted, and international coordination. As the Russian-Ukrainian war ensues, the situation will continue to evolve and change. Therefore, it is important to emphasize that this paper has operated off of information that is accurate and current as of June 2022. What remains needed is follow up research, not only to understand why sanctions fail or succeed, but more importantly, to understand how sanctions against Russia are changing the post-World War II order that has been the international norm since the 1940s.