The Effect of Economic sanction on Russian economy

The Canon Institute for Global Studies
10.08.2015, Tokyo, Japan
Russia GDP growth (annual %)

-15.00 -10.00 -5.00 0.00 5.00 10.00


The collapse of the SU

Transformation decline

Russian Crisis

World Financial crisis

EU debt crisis

Imposition of sanctions

Data: World Bank Database
Sanction Examples

- China
- Libya
- Soviet Union
- IRAN
- IRAQ
- Byelorussia
Sanction Examples

**China**
1989, termination of political contacts at the highest level and credit line, were sooner removed

**Libya**
2011, Freeze assets, embargo on trade

**Soviet Union**
From 1917. For example, Jackson–Vanik amendment 1974 (till 2012)

**IRAN**
From 1979. 2010, Negative influence economy by 20%, 80% of them caused by inner problems.

**IRAQ**
1990, Negative influence economy by 80%, caused by high oil rent and geopolitical situation.

**Byelorussia**
2006 (extension until 2015), Personification sanctions, no influence on high influence on population.
Sanctions

Globalization

Economy

Policy
Sanctions

Trade Sanctions

¾ influence Export

Financial Sanctions
Sanctions

Globalization

Trade Sanctions

¾ influence
Export

Sanction Mix

Financial Sanctions
Sanctions

Trade Sanctions

\( \frac{3}{4} \text{ influence Export} \)

Globalization

Sanction Mix

Financial Sanctions
Sanction on Russia: Possibilities

2000

The company that cooperate with Iran in the field of nuclear energy

Summer, 2008

The possibility of imposing trade and economic sanctions, accusing the Russian military aggression against Georgia was discussed

2013

The United States were ready to impose sanctions against the largest Russian banks in cooperation with the government of B. Assad in Syria.
Sanctions: Today

- March, 2014. Recognition of the results of the referendum in the Crimea
- The 17th of July, 2014. The collapse of the Boeing 777 in the Donetsk region

25 countries; EU, NATO, Council of Europe, G8, European Organization for the Safety of Air Navigation
Sanctions: Today

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Enlargement
Sanction list "persona non grata" & companies

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Sanction list "persona non grata" and companies

Enlargement Sanction list "persona non grata" & companies

Sectoral sanctions: defense, energy and financial sectors

Freezing some projects, activities and contracts
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2015, Further enlargement and prolonging of the Lists
Sanctions: Today

Russia

Crimea

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Freezing some projects, activities and contracts

25 countries: EU, NATO, Council of Europe, G8, European Organization for the Safety of Air Navigation
Sanctions: Today

25 countries; EU, NATO, Council of Europe, G8, European Organization for the Safety of Air Navigation

Sanction list "persona non grata" and companies

Freezing some projects, activities and contracts

Abandon the gas pipeline "South Stream"
Sanctions: Today

- Crimea
- Russia

Sanction list "persona non grata" and companies

Gas pipeline project to Turkey

Freezing some projects, activities and contracts

Abandon the gas pipeline "South Stream"

Sanction list "persona non grata" and companies

25 countries; EU, NATO, Council of Europe, G8, European Organization for the Safety of Air Navigation

Sanctions: Today
Sanctions: Today

- **Russia**
- **Crimea**

**Sanctions list “persona non grata” and companies**

- **Gas pipeline project to Turkey**

- **Abandon the gas pipeline "South Stream"**

- **Freezing some projects, activities and contracts**

- **Russian food and goods embargo**

**Sanction list “persona non grata” and companies**

**25 countries; EU, NATO, Council of Europe, G8, European Organization for the Safety of Air Navigation**

**Sanctions: Today**

- Sanctions against Russia and Crimea
- 25 countries including EU, NATO, Council of Europe, G8, European Organization for the Safety of Air Navigation
- Sanctions list "persona non grata" and companies
- Freezing some projects, activities and contracts
- Gas pipeline project to Turkey
- Abandon the gas pipeline "South Stream"
- Russian food and goods embargo
Sanctions: Today

25 countries imposed sanctions

Russia

Crimea

Other Countries

Serbia

Turkey

Latin America

Belorussia

Egypt

Iceland

Russian food and goods embargo

Meat

Fish

Dairy products

Fruits

Nuts

Vegetables

Im

Im-Ex
Russia Financial Crisis 2014-2015

EU debt crisis

Structural crisis

Geopolitical crisis

Changes in Oil prices and exchange rate

Data: www.gks.ru
Geopolitical crisis

EU debt crisis

Structural crisis

Russia Financial Crisis 2014-2015

Changes in Oil prices and exchange rate

“Perfect storm”

Data: www.gks.ru
Structural crisis
Echo of the World Financial Crisis 2007-2008
Inner Problem of Russia Economy

Export. January-December 2012

Europe Brent Spot Price FOB (Dollars per Barrel)

World Financial crisis

OPEC decisions

Data: EIA data
Exchange Rate. Rubles per Dollar USA

Data: cbr.ru
Russia Central Bank Base Rate

Data: www.cbr.ru
CPI change, MoM

Data: http://www.fedstat.ru/
“Perfect storm”

- Structural problems of economy
- Oil Prices
- Exchange rate
- Inflation increase
- Demand decrease
- Influence on some company and business
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- Central bank actions
“Perfect storm”

- Structural problems of economy
- Oil Prices
- Exchange rate
- Influence of sanctions
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- Influence on some company and business
Exchange rate

Demand decrease

Inflation increase

Central bank actions

Structural problems of economy

Financial sector

Bank deposit insurance x2

People expectations