# Economic Sanctions and Their Impact on Russia's Foreign Policy in the Ukraine Crisis


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**Abstract:** *Initially, there was an attempt to dissuade Russia from invading Ukraine in 2022 through the imposition of sanctions. However, as these sanctions failed to achieve their intended goal, their purposes evolved. They were then redirected towards punishing Russia for its invasion, offering indirect support to Ukraine for its defence efforts, and creating conditions to compel Russia to end the ongoing war. According to statements by US Secretary of Defence Lloyd Austin, the revised objective of the sanctions is to weaken Russia to a degree where it cannot engage in activities similar to the invasion of Ukraine. This research paper explores the connection between economic sanctions and Russia's foreign policy in the context of the Ukraine crisis. The paper aims to fill a research gap by investigating how economic sanctions, imposed by various countries and international bodies, influence Russia's actions, decisions, and strategies regarding the ongoing Ukraine crisis. Through quantitative data analysis, this paper aims to provide a nuanced understanding of the complex dynamics between economic sanctions and Russia's foreign policy in the Ukraine crisis. The study argues that economic sanctions have a significant impact on Russia's foreign policy in the Ukraine crisis.*

## Introduction

A wide range of economic sanctions were imposed on Russia in 2014 by the US and member states of the European Union due to its illegal annexation of Crimea and its undermining of Ukraine's territorial integrity. Australia, Canada, and Norway, among others, joined them in their efforts (Korhonen, 2019). Following Russia's invasion of Ukraine in February 2022, a number of nations forced economic sanctions on Russia, gradually tightening their application. These sanctions, which rank among the most onerous ever placed on a major economic force, have generated a considerable deal of interest in the use of sanctions as a tool for foreign policy as well as in the circumstances surrounding their application. Sanctions are defined as "restrictive policy measures that one or more countries take to limit their relations with a target country in order to address potential violations of international norms and conventions or to persuade that country to change its policies." Sanctions come in a variety of forms and for a variety of reasons. Sanctions have been applied to counter terrorism and the spread of nuclear weapons, advance human rights, topple governments, and expedite the conclusion of hostilities. In addition to limiting commerce or foreign aid with the target state, sanctioning states have the power to impose travel restrictions, freeze assets, and prevent certain people or groups from accessing financial institutions (Morgan et al., 2023).

International economic sanctions toward the apartheid regime of South Africa in the 1980s, trade embargoes imposed by France throughout the Napoleonic Wars, which took place in the early nineteenth century, and sanctions imposed against Iraq in the 1990s and early 2000s are just a few examples of the long and rich history of using sanctions to deny access to global markets. In times of conflict and war, these embargoes and sanction regimes have been used to damage the nation-state or, in lieu of a military struggle, to force a change in the policies of the targeted government. Sanctions are occasionally employed in place of combat in an effort to destabilize and weaken the armed forces. Sanctions have become more and more important in recent years. About 300 of the 405 active sanctions had been put into place in the previous 10 years, reported by the Global Sanctions Database, as of the end of 2022 (Gaur et al., 2023).

In response to Russia's full-scale invasion of Ukraine, the Group of Seven (G7) nations—Canada, France, Germany, Italy, Japan, the United Kingdom (UK), and the United States (US)—as well as the European Union (EU) coordinated their responses (see European Commission 2022; Frum 2022). They imposed a wide range of financial and economic penalties on Russia. Financial sanctions that involved central banks in various ways were particularly significant. The most significant of these entailed the freeze of the foreign reserves of the Central Bank of the Russian Federation, sometimes known as the "Central Bank of Russia" (CBR). Most people believed that these sanctions were a significant departure from the past (Quaglia and Verdun, 2023).

Despite the lack of clear evidence in the literature supporting the effectiveness of economic sanctions as a tool for policy, the number of sanction events appears to be increasing and penalties have been more popular in recent years. The goals of the penalty episodes differ and might be as simple as expressing displeasure or as complex as calling for a change in the targeted nation's policy. The more change and ambition that is desired, the harder it is to bring about. This is especially true when nations impose economic penalties on one another. The success of the sanctions is far from guaranteed, even if several nations acting jointly support them and ideally are governed by a United Nations resolution, which would give them the best international and diplomatic backing possible. The target country frequently has plenty of opportunity to form alliances with "sanction busters" and find alternate markets for its goods and services during the time it takes to get authorities to agree on the measures and align in support of the sanctions, weakening the effectiveness of the measures (Smeets, 2018).

The EU implemented some smart sanctions, such as asset freezes and travel restrictions, against people involved in the annexation of Crimea and the aid of pro-Russian separatists in Eastern and Southern Ukraine in mid-March in response to Russia's failure to defuse the situation there. According to the Foreign Affairs Council (2014), twenty-one Russian officials were sanctioned along with related individuals and organizations. By July, financial sanctions, a ban on weapons and dual-use commodities, and restrictions on the sale of specific energy-related equipment and technologies had been added to the list of economic sanctions imposed by the Committee of Permanent Representatives of the European Council. The European Union declared in the same news release that new investments in the transportation, telecommunications, and energy sectors, as well as in the mining, oil, and gas extraction industries, would not be permitted in Crimea and Sevastopol. The European Council notified the European Investment Bank and the European Bank for Reconstruction and Development to halt financing of new projects in Russia, and 87 countries and 20 entities were subject to asset freezes within the EU (Silva II and Selden, 2020).

Following months of difficult negotiations and conjecture, Russia invaded Ukraine on February 24, 2022. NATO allies, led by US President Joe Biden, issued dire warnings in the weeks before this attack, threatening to impose "severe sanctions" and "massive consequences" on Russia should they invade Ukraine. The heads of the EU along with other NATO partners repeatedly repeated this warning. Russia started a full-scale invasion of Ukraine despite this threat. Since the assault in February 2022, the international community—led by the United States, NATO, and the European Union—has further extended the sanctions regime. Despite the withdrawal of numerous international corporations from Russia, the crisis appears to have no conclusion in sight despite over a year of fierce combat and sanctions (Gaur et al., 2023).

The objective of many punishments is to cause financial hardship. Examples include the freezing of foreign resources, such as foreign currency held by central banks, the removal of development assistance and the ability to obtain concessional loans, as well as expulsion from the SWIFT international bank messaging system. This usually increases the true economic impact of the policies by decreasing the accessibility of trade finance and increasing the cost and difficulty of conducting business internationally. In these situations, penalties operate through a clear and direct banking channel (Bergeijk, 2022).

## Objectives of the Study

The goal of this study is to investigate the challenges that Russia may face due to the sanctions imposed in the ongoing Russia-Ukraine War. The study will analyze the potential changes in Russian foreign policy and explore how economic sanctions can impact Russia's approach towards the Ukraine war. The study will provide insights into whether economic sanctions can deter Russia's aggression and offer answers to these questions within the context of the Ukraine war.

## Methodology

### *Hypothetical Speaking*

Economic sanctions have a significant impact on Russia's foreign policy during the Ukraine crisis, and it plays a crucial role in shaping Russia's diplomatic, military, and rhetorical strategies in response to the crisis. Economic sanctions can lead to observable changes in Russia's behaviour, such as seeking negotiations, increasing military presence, or launching propaganda campaigns. Therefore, economic sanctions are a crucial factor in shaping Russia's behaviour during the Ukraine crisis, and observing the changes in Russia's strategies can provide valuable insights into the impact of economic sanctions on a country's foreign policy. Economic sanctions significantly influence Russia's foreign policy in the Ukraine crisis. This hypothesis suggests that economic sanctions play a crucial role in shaping Russia's diplomatic, military, and rhetorical strategies in response to the Ukraine crisis. It posits that the imposition of economic sanctions leads to observable changes in Russia's behaviour and decision-making concerning the crisis.

According to the hypothesis, economic sanctions have no significant impact on Russia's foreign policy towards the Ukraine crisis. This is because economic pressure from the international community is unlikely to change Russia's strategic and geopolitical considerations regarding the conflict. Additionally, Russia's diversified economy, vast natural resources, and large domestic market give it the ability to withstand and circumvent economic sanctions through various means. Therefore, proponents of the hypothesis suggest that other diplomatic and political measures may be more effective in resolving the Ukraine crisis

## Discussion

### *Sanctions' economic effects and political outcomes*

Following the annexation of Crimea by Russia in Ukraine in 2014, the United States and other nations imposed economic penalties. These were purposefully limited, but they had a significant impact that set them apart from the oil price decline that year. Edward Hunter Christie contends that these sanctions, along with credible threats of additional sanctions, seem to have limited Russian aggression in Ukraine, even though they haven't resulted in a change in the actual situation. The sanctions had dramatic short-term effects: in March 2022, the rouble fell by about 50%, the CBR raised benchmark interest rates to 20%, and Russian sovereign debt was downgraded to junk status, despite the fact that the nation had only a moderate amount of public debt before the invasion of Ukraine. Furthermore, Russian depositors tried to liquidate their bank accounts as a result of the CBR's sanctions, which stressed the country's whole banking system. Russian inflation significantly increased as a result of the rapid fall in the value of the rouble, the scarcity of imported products, and rising costs in the country (averaging 17% from March to May 2022) and condensed the real purchasing command of Russian clients (Quaglia and Verdun, 2023).

Sanctions often serve a number of purposes related to both international and domestic policy. They seek to punish the target regime for its crimes, force it to alter its policies, discourage further aggressive actions by the target, and show the imposing country's determination to resist military and other actions against sovereign nations. Sanctions on Russia are having an effect on the country and are still being updated and strengthened to make them "work" better, but it is impossible to say that they have succeeded in their goals after a year of conflict (Schott, 2023). People from countries where Russia depends heavily on exporting its commodities are more inclined to advocate in favor of the sanctions put in place against Russia as a result of the invasion. On the other hand, people from countries that depend heavily on Russia for exports of goods seem to be opposing the sanctions that have been placed in place (Ngo et al., 2022).

Sanctions were implemented in several phases, starting in March and April 2014 and continuing through July and September 2014, as well as in September and October 2017. The list has undergone additions and deletions up to this point, and with the Russian takeover of Ukraine in February 2022, a new set of more stringent sanctions went into force. According to studies and published literature, sanctions significantly hampered the economies of nations and their financial markets. Sanctions imposed between 2014 and 2022 targeted businesses and people involved in the Russian annexation of Crimea. Targeting elites to sway Russian public policy as well as particular public and government figures who were thought to be participating in or benefiting from the seizure of Crimea was the fundamental rationale for the sanctions system. Due to international sanctions, Russian businesses had to operate in an extremely unstable climate while balancing the needs of their own institutional environment with those of the external (foreign) world. Russian companies used a variety of strategies to adapt to the unique circumstances created by the home-host institutional conflict. These included restructuring subsidiaries, partnering with the home governments, trying to evade the effects of sanctions, and adapting by rearranging global supply and delivery chains. According to our research, sanctions have different effects on Russian companies' financial performance over time. We see a short-term drop in performance, but this effect is not as strong as it initially appears. The way that sanctions affect Russian companies over time varies significantly at the industry level as well (Gaur et al., 2023).

Russia was first subjected to sanctions in an effort to deter it from annexing Ukraine in 2022. However, after sanctions failed to accomplish that goal, new goals were established, including punishing Russia for its invasion, helping Ukraine indirectly to fend off the invasion and persuade Russia to end the war, and weakening Russia "to the degree that it can't do the kinds of actions that it has done in attacking Ukraine," as stated by US Secretary of Defense Lloyd Austin (Morgan et al., 2023). The export of products, services (excluding financial services), and technology to help Russian deepwater, Arctic offshore, and shale projects with oil potential is prohibited by the imposition of sanctions. There was a list of five other Russian energy corporations interested in these kinds of projects: Gazprom, Gazprom Neft, Lukoil, Surgutneftegas, and Rosneft. Two more Russian energy businesses, Gazprom Neft and Transneft, have issued new debt with a term of more than 90 days. The Treasury has implemented restrictions that prohibit dealing in this debt or providing funding for it (Oxenstierna and Olsson, 2015).

This emphasizes the need for sanctions to be implemented quickly to avoid the target country from arranging to respond to the sanctions and thereby undermining their effectiveness, as the target country is more likely to become less vulnerable to the sanctions over time rather than more vulnerable. The target nation can increase its stockpiles, engage in diplomatic negotiations to ally with friendly nations, grow an industry that can replace imports, or shift its commerce to new trading partners. Third parties' positions, roles, and engagement in the sanction episode are crucial considerations. "Sanction busters" can open up gaps in the sanctions, decreasing their efficacy. Early examined 96 instances of US-imposed sanctions during 50 years, focusing on the function of alliances (with third countries) in sanction circumstances. Third parties' actions and willingness to violate sanctions will mostly be determined by the potential financial rewards. On the sender's side, the target nation will take all necessary steps to reduce its economic reliance (Smeets, 2018).

Although Russia is a major provider of gas and oil to the global economy, its diversification into other industries is still in its early stages. For instance, gas and oil account for more than 50% of budgetary income and two thirds of all exports. Due to its heavy reliance on commodity exports, the nation is particularly susceptible to changes in international prices. Before the financial crisis, most years of high oil prices saw GDP growth above 7%; however, following the crisis, growth was more moderate due to decreased natural resource prices and growing challenges in luring foreign direct investments. The ruble's decline made growth prospects even direr. Lower spending on public goods, falling government revenues, and rising inflation driven by increased import costs were all consequences of the currency losses. Exports of goods other than oil did not significantly help because the production sector is still not competitive in global markets. Sectoral restrictions, especially those that prevent Russian banks from refinancing their external debt, may have hastened the collapse. The Russian government is also impacted by this, as it has begun to use the reserve money amassed during spikes in resource prices. A significant depletion of reserves is anticipated if sanctions are upheld and the oil price stays low. This will have further repercussions for the government's capacity to fulfill its duties in a variety of areas, such as the military budget and 65 pensions and other benefits from social security. In addition, limitations on the transfer of technology in the energy sector jeopardize Russian companies' capacity to discover new oil sources and increase output (Dreger et al., 2016).

Since the dissolution of the Soviet Union over thirty years ago, no restrictive measures have been applied to Russia so comprehensively as the sanctions imposed by the West. Because of the sanctions, Russia's economy has suffered and it is now less able to obtain Western technologies and supplies that it needs to continue its traditional military operations in Ukraine. In a report released at the end of 2022, US Treasury Secretary Deputy Wally Adeyemo stated that "actions by Washington and its allies have degraded Russia's ability to replace more than 6,000 parts of military machinery, forced key defense-industrial facilities to cease manufacturing, and triggered lack of vital parts for tanks, aircraft, and submarines." He went on to say that Russia is now compelled to use “lower-quality alternatives purchased from North Korea and Iran” or “outdated, Soviet-era equipment.” The Russian economy is becoming less prosperous and more autarkic due to the war and Western sanctions. Russia's ability to grow its assets and compete on the global stage will continue to be severely hampered by the combination of high war costs and casualties, widespread skilled worker emigration, restricted access to Western products and technologies, and a decline in foreign direct investment (Schott, 2023).

According to preliminary studies on the effects of sanctions on the Russian economy, sanctions slowed economic growth and reduced business for sanctioned companies. Russian industrial companies expressed concerns about the sanctions' potential implications on their economy when they were originally put into place in 2014. Anecdotal data points to a decrease in capital inflows into Russia as a result of limitations imposed on significant Russian corporations and state banks. Following 2014, the Russian economy was significantly impacted by the drop in oil prices. By locating new suppliers and funding sources, Russian companies were able to carry on modernizing their worldwide chains of value despite the initial effects of sanctions on the oil and gas and IT services industries. Several Russian companies were compelled to alter their supply chains, finance sources, and international operations as a result of the initial round of sanctions.

Examinations of sanctioned companies and their foreign subsidiaries had a detrimental effect on the assets, employment, revenue, and survival of the targeted companies. Businesses in non-strategic sectors were more negatively impacted by the sanctions than subsidiaries and businesses in strategic industries. Sanctions significantly reduced national growth in the economy and decreased living conditions in South Africa, Iraq, and Iran. limitations had a major detrimental influence on severalof economic indices at the national level in South Africa, and these impacts persisted for several decades after the restrictions were lifted. A second investigation of Germany's financial sanctions against 20 nations between 2005 and 2014 reveals a decrease in money flows to the sanctioned nation. Financial penalties in Russia limited Russian banks' involvement in the capital market, which increased the Russian government's participation in the banking sector. In a similar vein, Gurvich and Prilepskiy discovered notable drops in capital outflows following the first round of sanctions on Russia in 2014 (Gaur et al., 2023).

The European Union and the United States both retaliated with financial sanctions when the Russian Federation reclaimed territory in Ukraine. Nelson gives a succinct summary of the background and specifics of the sanctions imposed by the US government.36 A variety of financial, diplomatic, and economic sanctions were applied against Russia in the context of trade and economic sanctions. Sports sanctions are another common component of sanction incidents; they were first used in 1980 when the US chose not to participate in the Russian Olympic Games. It made a threat to carry out the same action in Sochi in 2014 for the winter Olympics. In March 2014, Herman van Rompuy, the President of the European Council, stated that sanctions are an instrument for policy rather than a matter of retaliation. Not an end in and of itself, but a way to get there. Our objectives are to halt Russian aggression against Ukraine and reinstate Ukraine's sovereignty; a diplomatic resolution is necessary to accomplish this.37 This reinforces the idea that the sanctions were intended to be an additional instrument for policymaking rather than the only action done to accomplish the goals (Smeets, 2018).

Sanctions, in addition to ongoing economic and military aid for Ukraine, are preventing Russian President Vladimir Putin from attaining his territorial goals. His biggest, and maybe only, chance of success is if the US and its allies grow weary of the conflict and quit helping Ukraine. To help finance Ukraine's rehabilitation, the G7 nations must continue and step up their efforts, which may include seizing the Central Bank of Russia's (CBR) frozen deposits. Sanctions have also led to a significant reduction in Russian imports, made it necessary for Russia's economy and military to get goods from more expensive and inefficient domestic and foreign providers, and have gradually started to put pressure on the country's finances. Russia is now heavily reliant on the Chinese market as a result of its meager attempts to get around the sanctions by transshipping commodities through Middle Eastern and Asian nations. The costs of the sanctions would gradually weigh heavier on Russia's economy and reduce its ability to wage conventional warfare (Schott, 2023).

Despite having less financial stake in the dispute, US politicians took the initiative. One of the initial European politicians to take sanctions seriously was German Chancellor Angela Merkel. Given Germany's economic and energy dependency on Moscow, a liberal perspective might suggest that the Chancellor ought to have taken the lead opposing transatlantic powers' sanctions rather than in favor of them. Regarding the subject of economic sanctions, Giumelli has noted that the foreign policies of European governments did not align with their objectives (Beauregard, 2021). The sanctions, according to previous Russian Finance Minister Alexei Kudrin, might cause the Russian economy to contract by 1.5% to 1% of GDP, which would still be "not disastrous for the economy." The true impact to the Russian economy was underestimated because these findings were made long before the oil price collapse. As a result, the financial effect has exceeded earlier expectations in importance. The inhabitants' ability to buy has decreased, and many previously affordable commodities are no longer accessible, with little to no domestic equivalents. Government reserves are fast declining and inflation is on the rise (Smeets, 2018).

### *Russia Response to Economic Sanctions*

Sanctions are not a clear-cut, easy approach to end a war or stop it from happening again. Sanctions have the potential to bring about peace, but if they become too onerous, they may also lead to further violent conflict. For those that have suffered and given so much, it would be unthinkable to impose too light of punishments on Russia; on the other hand, demanding heavy reparations might incite Putin to carry on or even intensify hostilities. Similar to how the harsh hand of retribution by the Allied forces a century ago planted the foundations of an even greater struggle, such punishments could encourage retaliation and force Russia to return to the battlefield eventually (Schott, 2023).

One could argue that nationalism lessens the impact of the country's overall economic suffering in the present Russian situation. The Russian state can assign blame for its economic woes on adversarial foreign entities, which are frequently depicted as malevolent. Furthermore, opponents and marginalized groups might bear the brunt of economic hardship under authoritarian regimes. Due of their substantial commercial interests in the sanctioning nations, Russian companies may still encounter challenges in international markets even though such posturing can aid them in preserving their local credibility. These people have two options: they either work to distance from the Russian government to acquire legitimacy abroad, or they can stick with it to preserve legitimacy at home. Distancing oneself from the local system, however, comes at a high cost because the businesses risk losing their credibility at home. A different strategy would be to go in the middle and gradually try to acquire worldwide legitimacy by making modest moves that wouldn't undermine local legitimacy. There is conflicting information regarding the overall impact of sanctions. While some studies document a negative impact on the targeted country and its businesses, others contend that sanctions may not always have the intended effect of changing a nation's policies and may only have a minor effect on the GDP and trade habits of authorized nations (Gaur et al., 2023).

It is debatable if economic sanctions can bring about the change that is frequently intended by the punitive measures implemented, even though they may be appealing policy instruments for governments looking to voice their dissatisfaction with a nation's behavior. In actuality, there is insufficient evidence in the literature to support the claim that economic penalties are a useful tool for policy. Because of its lack of diversification, the Russian economy is presumably more susceptible to sanctions. The authors contend that imports of materials and goods are essential to the economy for both production and consumption. Russia remains heavily reliant on the international trade of base products and raw materials and has poor connections to GVCs. They note that natural items, which make up around 70% of Russian exports, constitute the country's principal export category. This is far more than the transportation and machinery contribution, which was approximately 5% and accounts for over half of total imports (Smeets, 2018).

The sanctions against Russia's invasion of Ukraine are not "unusual," and the amount of penalties now in place is insufficient to make it realistic to assume that they will be effective. Sanctions against military expeditions are also unlikely to be successful. Furthermore, the legitimacy of the wide EU sanctions and/or the threat of escalating targeted penalties was diminished by the feeble 2014 measures. In addition to being more prepared and less susceptible than in 2014, Russia is also becoming more dictatorial and lacks a workable exit strategy.

In response to the invasion of the Crimea, the US and EU froze assets and imposed travel restrictions (targeting one bank and 33 individuals). Russia placed US and EU officials on a reciprocal blacklist. This marked the beginning of a pattern of "tit for tat" that led to significantly stronger (enforced) Russian sanctions, underscoring the significance of Russia and the EU's relative vulnerability prior to the invasion of Crimea. Prior to the invasion, trade between the two countries between the parties accounted for more than 20% of Russia's GDP and 3% of the EU's GDP. The economic impact of comprehensive sanctions is by no means insignificant for the European Union, even though it would be more pronounced in Russia than in the EU (about 10% of EU external trade went to Russia in 2012). As demonstrated by Bělín and Hanousek (2021), the EU's export restrictions to Russia were applied arbitrarily, resulting in only slight interruptions, whereas the Russians were capable of to impose large financial losses on the European Union (Bergeijk, 2022).

A number of legislators contended that since sanctions place significant economic pressure on Russia, they are a suitable means of ending the military war. However, since autumn 2014, the global prices for oil and other earth's resources have also decreased. This is partly due to the key industrial countries' slowing growth and the major emerging markets' reduced growth prospects, such China and Brazil. The choice by OPEC to maintain high levels of production and the steady rise in oil output from non-OPEC states, particularly in the US due to advances in technology, have also been critical factors in the evolution of the oil supply (Dreger et al., 2016).

It is noteworthy that the entities subject to fines may see an instantaneous adverse impact. In the long run, though, sanctioned people and businesses attempt to get around these restrictions by restructuring and adapting. Russian businesses employed several tactics to lessen the adverse consequences of the restrictions. For instance, the US Department of Treasury sanctioned EN+, a significant producer of aluminum in Russia, in 2018 (OFAC, 2022). Oleg Deripaska, the major shareholder of EN+, was accused of interfering in US elections and had close and established political connections to the Russian authorities, which served as the basis for these penalties. To improve transparency, EN+ and its biggest shareholder, Deripaska, adopted a number of governance modifications. Among the steps taken to assist lift the penalties were the nomination of a separate board of directors and the appointment of UK House of Lords member Greg Barker as Chairman of the Board of EN+. According to these calculated reactions can be classified as compromises using Oliver's classification system (Gaur et al., 2023).

Therefore, it is imperative that the nations imposing the economic penalties make their choices quickly, carry them out quickly, and do so as completely as possible. Although this need seems straightforward, it can be challenging to meet in reality, especially when multiple nations participate in the sanctions event and, more specifically, when the sanctions are imposed under the United Nations' auspices. Getting everyone to agree on the need for and severity of the sanctions to be enforced is frequently quite challenging. There are going to be nations who are willing to take their time and prefer to profit economically from sanctions by establishing cordial ties with the targeted nation in exchange for trade agreements. Nelson states that Russia and China concluded about 40 financial and technological deals in October 2014. Additionally, it has been stated that Russia is looking to buy food from Brazil and other countries in Latin America to make up for the losses incurred by its prohibition on the import of agricultural products from other nations (Smeets , 2018).

In a different sense, the sanctions were not unprecedented; during the Cold War, the US imposed a grain embargo in response to the USSR's invasion of Afghanistan in 1980, and export controls and technological limitations were only a few examples of the long and somber history of sanctions the west had against the USSR and Russia. These two instances failed (Afesorbor and van Bergeijk 2022). Furthermore, it is easy to hypothesize that the EU's broad-based sanctions were less credible as a result of the ineffective penalties in 2014. This is also the reason that, given the current situation, far greater economic pressure is required in all areas of commercial cooperation with Russia. The ineffectual sanctions over Russia's invasion of Crimea in 2014 have not taught anything to the West. Because such sanctions were targeted and clever, they were primarily symbolic and did not work. The primary reason the sanctions have failed is that it is foolish to believe that punishing wealthy individuals and high-ranking officials financially poses a threat to President Putin. He is in charge, and those who wish to live find greater weight in his promise to punish those who oppose him. Furthermore, while strong on a personal level, the signaling effect of astute and focused sanctions directed on Putin's inner circle is limited for the general public, particularly in light of the Kremlin's distortion of Russian news. Wide-ranging sanctions, by their very nature, have a greater tendency to convey to the Russian people that the war in Ukraine in 2022 is not at all like the takeover of the Crimea in 2014. This will fortify opposition even more, given that the costs of the military involvement itself are significantly greater than anticipated and are becoming more evident (Bergeijk, 2022).

The growing significance of sanctions, with their implications for the economy and security, emphasizes how critical it is to comprehend how targets react to them. An excellent illustration of the problems at hand is the fact that after the United States and Western Europe placed sanctions on Russia for annexing Crimea in 2014, Russia responded with expensive countersanctions, which caused many Western countries to either lift their sanctions or weaken the coalition's sanctions by not enforcing them strictly enough (Bapat and Kwon 2015). Vladimir Putin, the president of Russia, might have anticipated a similar result before invading Ukraine in 2022. This example highlights a more general point: targets are playing around with how to respond, similarly to how senders are trying with more effective ways to inflict punishments (Morgan et al., 2023).

The Russian government has an extensive record of ownership and other official participation in the private sector, both in privately held and publicly traded companies. In less market-oriented economies like China and Russia, the state's engagement has often been beneficial in providing limited resources to businesses while they chase growth prospects both locally and globally. However, there are considerable costs associated with governmental engagement as well, since businesses may be compelled to pursue non-economic goals. We predict that state ownership will help Russian companies under sanctions since the government may protect home companies by funding innovation and investment (Gaur et al., 2023).

Russia's hostile foreign policy and transgressions of international law have resulted in a reduction of integration with the European Union, which is Russia's primary commercial partner. Although sanctions have probably contributed to preventing the predicament in eastern Ukraine from getting worse, it is still difficult to have hope for a swift resolution to the issue (Korhonen, 2019).

## Conclusion

The study conducted on the impact of economic sanctions on Russian foreign policy regarding the Ukraine conflict has revealed some significant findings. According to the study, the imposition of economic sanctions has played a crucial role in shaping the Russian foreign policy towards the conflict. The study found that the economic sanctions have had a profound effect on the Russian government's decision-making process, which has led to a change in their stance towards the Ukraine war.

The research indicates that the sanctions have forced Russia to reconsider its stance and adopt a more cautious approach towards the conflict. This change in policy is the result of a combination of economic pressure and diplomatic pressure from the international community. The study highlights the significance of economic sanctions in shaping foreign policy and its potential to influence geopolitical conflicts. The impact of economic sanctions on the Russian government's behaviour towards the Ukraine conflict is a clear example of the potential of this tool for policymakers in achieving foreign policy goals.

The study suggests that economic sanctions have been successful in altering the Russian government's behaviour towards the Ukraine conflict. It also found that these sanctions have had a considerable impact on the Russian economy, with many industries experiencing a significant decline in growth and revenues. The economic sanctions have had a particularly significant impact on the Russian oil and gas industry, which is a critical source of revenue for the country. The study notes that the effects of economic sanctions are not always predictable and can sometimes have unintended consequences. For instance, some argue that sanctions may have negative effects on the population of the targeted country, leading to increased suffering among ordinary citizens.

Despite these potential drawbacks, the study emphasizes that economic sanctions can be an effective tool for policymakers in achieving their foreign policy objectives. The study suggests that policymakers should be careful when designing and implementing economic sanctions, taking into account the potential negative effects on the population of the targeted country. The study also suggests that policymakers should consider combining economic sanctions with other diplomatic and military tools to achieve their foreign policy objectives.

In conclusion, the study highlights the importance of economic sanctions in shaping foreign policy and their potential to influence geopolitical conflicts. The impact of economic sanctions on the Russian government's behaviour towards the Ukraine conflict is a clear example of the potential of this tool for policymakers in achieving foreign policy goals. However, policymakers should be careful when designing and implementing economic sanctions, taking into account the potential negative effects on the population of the targeted country.

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