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## “Sanctions Strategy and Effectiveness: Influencing Russia’s Foreign Policy”

Transcript to accompany podcast:

Sanctions are at the center of today’s diplomacy and international relations. In the past, nations would likely step into conflict, open war, but now they have more options to use, such as economic warfare rather than traditional military methods.

Imagine, you go shopping and you cannot buy the goods that you would like. Imagine, hypothetically, Apple products are banned from being sold in Canada — no more iPhones. Nike products are banned — no more Nike shoes or apparel. Well, this is the potential impact of sanctions.

So what are sanctions? And why would anyone *want* to implement them?

Well to start, diplomacy is important to establishing international relations with other countries — you can promote national interests, negotiate deals, negotiate peace and prevent conflict. Stemming from that is something called *coercive* diplomacy, which tries to coerce or force the other state to act in certain way — which can replace more conflictual tools such as military force. And sanctions are one of those coercive diplomatic tools.

Sanctions have been used for thousands of years, dating back to ancient Greece, which is sometimes surprising. But since the 1990s, the use of sanctions have exploded. Many states have started to opt for sanctions policies against various states, and for various reasons.

Let’s look at the definitions to understand how sanctions look:

Here is an example, imagine you are grounded for doing something by your dad — your dad tells you are grounded until you apologize for what you did. Well, being grounded is your dad’s sanctions. Your dad is the “sender state” applying the sanctions, and you are the “target state” receiving the sanctions. In response, you stop washing dishes, which is usually your responsibility — which would count as your “counter-

sanctions”. Also, you go to your mom and she allows you to go out somewhere while you are grounded — allowing you to avoid it. Well your mom in this case would be a “secondary state” — one who is helping you avoid sanctions. Your dad finds out that your mom allowed you to go out and he decides to not visit her relatives for the next holiday, and these would be called “secondary sanctions” — ones that target the states that are helping you. After some time, your dad realizes that you have not changed your behaviour and decides to incentivize you by offering something to you if you apologize — this would be called “positive sanctions”.

The international relations version:

- Sanctions is a policy of limiting relations, which could include the limitation of diplomatic, economic, and/or military ties
- What is important to note, however, is that scholars still cannot agree on a definition. For some, sanctions are defined by the limitation of only economic ties. For others, sanctions are ways of putting *pressure* on a target state (what ever this means).

Sanctions are used for a certain goal, which will determine whether they are effective or not. This also an area of flexibility since scholars have yet to finally determine what *effective* sanctions are. Most scholars believe that effectiveness is determined by evaluating if sanctions completed their stated goals. Other scholars have suggested that applying sanctions in themselves is the goal. Some believe the stated goals are made up, and that sanctions actually have secret goals. But we will look at this later in our case study.

Let’s turn to the case of Russian sanctions as a contemporary example:

- Ukraine and the EU were getting ready to sign an important political and economic agreement, named Association Agreement. In 2013, Ukraine’s President turns away from the agreement, allegedly due to Russian pressure — which caused protests, and turned to increased civil unrest.
- Russian troops arrived on Ukrainian soil, particularly on the Crimean peninsula in 2014. Russia justified its actions stating that Russian minorities are in danger from far-right forces.
- Russia supported a referendum vote on the status of Crimea in 2014, and residents of Crimea “allegedly” overwhelmingly determined that Crimea should become part of Russia — but the referendum is largely unrecognized and condoned by the international community, and this action is largely recognized as annexation (forceful acquisition of territory).
- Conflict sparked in eastern Ukraine, where Russia is said to be supporting pro-Russian separatist forces and destabilizing the region in Ukraine, while Ukraine and Ukrainian militia were fighting pro-Russian separatists.
- In early 2014, when Russia increased its presence in Ukraine, the EU issued a warning to Russia to prevent its intervention in Ukraine — and even threatened sanctions. Russia continued its foreign policy and the EU applied sanctions — along with other senders state such as Canada, US, Japan, Australia, New Zealand.

- When conflict sparked in eastern Ukraine, the first ceasefire agreement was signed in Minsk, Belarus, and was then called the Minsk Agreement. However, it largely failed to create peace or even a ceasefire in the area. In 2015, this was followed up with an updated Minsk II Agreement that holds Ukraine and Russia to take certain steps in order to create peace in the region — however, this has also lacked in success up to now.

Let's look at the sanctions applied here:

1. The EU applied:
  - i. Arms trade ban, Dual-use goods export, Financial measures, prohibition of trading certain chemicals, oil/gas production-related tools, restrictive measures, and individual sanctions such as travel bans and asset freezes.
  - ii. But continues its trade with Russia — especially in terms of its most significant import of energy (oil and gas).
2. Canada applied:
  - i. Asset freezes, export and import restrictions, financial contributions.
  - ii. But its trade with Russia is not as significant as the EU or US.
3. US applied:
  - i. Many of the listed sanctions, but also secondary sanctions against other nations and corporations.

Looking at the EU sanctions, the EU stated that its objectives is that Russia ought to implement its side of the Minsk II Agreement. While it is also unclear, the EU seems to have the return of Crimea as another objective. Russia has accused sender states of alternative motives, saying that sanctions were going to be applied to contain Russia anyways to limit it as a competitor to the West — and that the stated objectives of sanctions are just made up justifications.

In response, Russia has avoided sanctions. Individual Russians on sanctions lists have received lucrative contracts from Russian authorities and looked to other ways to avoid sanctions. The Russian government also created a National Economic Security Strategy in 2017 — a national strategy outlining how Russia would attempt to avoid and counter sanctions.

To these sanctions, Russia has responded with counter-sanctions against sender states, and has not changed its foreign policy so that sanctions can be removed. Russia has applied sanctions against agricultural trade, which primarily hurt the EU farmers and agriculture that relies on selling its products to Russian consumers. And Russians, on the other hand, faced shortages in food such as cheese.

What was the result?

The impact on Russia's economy was immediate and severe. Gross Domestic Product or GDP (usually evaluating a country's overall economy) was in decline. Foreign Direct Investment into Russia was

declining. Inflation was rising, and there were many other economic indicators that showed Russia's economic decline. However, it is also important to note that this economic decline was also due to a collapse in global oil prices, which Russia depends on since its national budget is dependent on Russia selling energy around the world for a good price. Most analysts agree that the oil prices had a major impact, but sanctions exacerbated that impact and made it worse.

Over time, however, Russia's economy has rebounded. Its economic indicators that were not doing well started to recover, and sanctions impacts were declining.

Why are sanctions not effective in changing Russia's policy? Well it could be explained by looking at the advantages Russia possesses.

- Russia is not completely dependent on foreign trade; in fact, it has shown that it can substitute imports with its own production or with new trading partners.
- It has a large economy, which allows it flexibility in an economic crisis.
- Enforcing trade restrictions or blockades is very difficult due to its geography and great size.
- It has a largely government controlled economic system, which allows the Russian government to hold influence over economic matters to avoid sanctions and to avoid criticism in the private sector.
- It also holds a permanent United Nations Security Council seat, which gives it the ability to veto key resolutions that may come against its interest, including UN-authorized sanctions — which have worked effectively in the past against other countries.
- Russia holds immense military and nuclear power, which allows it the military advantage and leverage during diplomatic negotiations.
- And finally, Russia also lacks democratic governance where the government has immense influence through media, religion, and other channels. The Russian population gets most of their information from Russian state-media channels that usually criticize the West (which includes the sender states) and their sanctions. The Russian Orthodox Church, which dominates Russian society, also favours the Russian authorities and their policies.

At the same time, there is a major factor that we have yet to discuss. The EU-Russian energy interdependence. In simple terms, the EU has been for a long time dependent on Russian energy to warm houses, run industry, production, run cars, and other means. Most of EU's energy comes from Russia. On the other hand, Russia is dependent on the EU to buy its energy at good price in order to economically sustain itself. And thus, you have this sort of "interdependence," where both sides depend on each other. Although this creates a key vulnerable area, the EU has yet to sanction Russia's energy trade. In sanctioning Russia's energy trade, the EU would devastate Russia's economy. But at the same time, it would have detrimental consequences to the EU economy and lifestyle. Therefore, the EU has yet to place any strict sanctions on key vulnerabilities due to its interdependence with Russia.

On the other hand, due to the lack in trade of the other sender states, such as Canada, its sanctions 'damage' is insignificant compared to the level of the EU.

Now, to put this into broader context let's look at this contemporary example in the bigger picture. Russia has used sanctions in the past, with various states. So has the West. In fact, the West (including the US and European countries have sanctioned Russia before and vice versa). In fact, the Cold War is a clear example of Russia and the West's (predominantly the US) serious and recent confrontation. The Cold War saw sanctions, the nuclear race, the space race, information warfare, and other means of confrontation for decades. And the sanctions that were applied by the West during the Cold War did not result in success — for the most part. Small instances were successful, but never in terms of Russia's foreign policy.

Some scholars suggest that sanctions are ineffective in general; some suggest that they work best only as a threat; some research shows that they work only within 5 years since their application; and some rare examples show that sanctions can work after 15 years.

So, given that after six years, sanctions have still not changed Russia's foreign policy in the way that the senders state would have liked, what do you think will happen next? What do you think *should* happen next?

As the future generation, here are some questions related to this specific case:

- Were sanctions effective in this case? Will they ever be effective?
- What should EU do? (e.g. Keep sanctions, remove sanctions, increase sanctions, embargo/full containment, joint military action, try positive sanctions)
- What should Canada do?
- What should Ukraine do?
- What should Russia do? How can it respond to sanctions or absorb them?
- Do you believe that it is possible for Russia to implement its side of the agreement and/or return Crimea at any time in the future? What would this take?
- What does Russia gain/lose in taking initiative on implementing the agreement first? What does Russia gain/lose by returning Crimea to Ukraine?