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BLOG
— **POST**

European action against Russia: what does the future hold for the sanction strategy?



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Introduction • European sanctions once again on trial

Since the European Union adopted its eighth and latest round of sanctions against the Russian Federation, it has once again come under fire from critics. For those in France advocating a rapprochement with Russia, the sanction strategy is deemed illegitimate. In addition, they call out the strategy's limited and even counter-productive effects. Lastly, the regular tightening of sanctions allegedly shows that the European Union has now reached an impasse and no longer knows what to do with this instrument.

In reality, criticism of the EU's sanction strategy is actually criticism of European efforts to exert its influence in the international arena. Sanctions are currently the main instrument used by the EU to exert its power outside the Union and maintain strategic coherence within it. In the recurring debate on sanctions, several points must be kept in mind. First of all, the European Union is perfectly justified to implement a strategy of strength through sectoral and individual sanctions. Given that its military power is still in its infancy, it must use this instrument to apply economic pressure if it is to promote its interests. Secondly, these sanctions take a significant toll on Russia, even though sanctions alone cannot immediately alter the course of Russian foreign policy. In other words, sanctions exacerbate the country's current recession but will not stop the missiles. Finally, and very importantly, **sanctions are the best instrument at the**

EU's disposal to prepare the post-conflict phase: thanks to sanctions, Europeans will have the stronger negotiation position in talks with Russia to ensure Ukraine's security in particular and more broadly the continent's stability. The efficacy of the sanctions instrument in terms of strategy must not obscure its negative repercussions on the economies of Member States. These sanctions have a clear inflationary effect. Even though inflation was triggered in the third quarter of 2021 according to the ECB, the inflation recorded in 2022 in all EU Member States has been exacerbated by the sanctions. This inflation hinders the rebound in EU GDP growth: the ECB and the European Commission has downgraded growth in several countries for 2022 and 2023. The recessionary and contractionary effects of these sanctions on the EU are the price to pay for strategic influence on the continent.

Being neither the ultimate weapon nor an ideal diplomatic tool, the sanction strategy is currently the surest way for the EU to influence relations in Europe. Halfway between the enforcement of military hard power and the influence of cultural soft power, **the sanction strategy is the main instrument at the EU's disposal today to establish a strategic play of strength.**

I. The legitimacy of sanctions: a target for sovereignists

The first charge levelled at sanctions concerns their legitimacy. Why would Europeans be justified to “punish” business sectors or public figures in Russia, Belarus or in Myanmar? Is this not a means for the EU to act as a judge of international relations and to apply to them standards and values that are only in practice within the Union, therefore in States which accepted their inclusion in the EU by international treaty? Is the sanction strategy the latest avatar of European imperialism aided by legicentrism? These criticisms come from both inside and outside the EU. Russia's foreign policy has actually enjoyed long-standing support and was even championed in European national politics. Prior to the invasion in 2022, the diplomatic agenda of the National Rally party in France, statements of admiration from Czech President Milos Zeman, the regular trips to Moscow made by Hungarian Prime Minister Viktor Orbán, the explicit support from Lega leader Matteo Salvini and affinities constituted resistance to the sanctions adopted in 2014 against the annexation of Ukraine and support for Donbas separatists. For all these political players, prior to 2022 at least, attacking the foreign sanction strategy is a means of undermining the proceedings launched against certain Member States (Hungary and Poland, under article 7 of the Treaty on European Union due to non-compliance with rule of law principles). For these parties and leaders, developing such criticism is a way of denying the European Union the authority to judge a State's policy, whether or not it is a member of the EU. The sovereignism underpinning this criticism goes beyond the EU's borders. It is the EU's drive and authority to take international action that is targeted in these restrictive measures. After 2022, it became more difficult for leaders who were openly in favour of Russia to maintain their positions. However, it is no accident that the condemnation of sanctions against Russia and sovereignist contentions are linked: criticising the European Union's sanctions is an indirect means of undermining the EU's international authority.

Since 2004 and the adoption of guidelines on the use of sanctions in its foreign policy, the European Union has consistently taken care to anchor this instrument, not only in its domestic political environment, but also in the plans for its foreign policy. These sanctions are first and foremost intended to defend the EU's interest in the international arena.

The series of eight rounds of sanctions adopted in 2022 in addition to the 2014 sanctions reflect the goals and means of the European Union in its overall economy. These measures are intended as a response to the annexation of Crimea in 2014, to the recognition of the independence of territories in Eastern Ukraine following sham referendums and lastly to the military aggression of 24 February 2022. The explicit aims of these sanctions express on an international level its opposition to the breach of international law, to which the EU is fundamentally attached.

In addition, the adopted measures of various types show the EU's drive to take effective action without resorting to force. Firstly, individual sanctions target more than 1,200 private persons and 115 legal entities. This is the way the EU publicly identifies those responsible for the Russian foreign policy and deprives them of the benefits of European rule of law. Secondly, economic sanctions aim to deprive the Russian war effort of financial and technological assistance. These measures cut Russian institutions and companies off from private and public international financing. **The import ban on coal and oil aims in particular to dry up the Russian Federation's revenues. We know that oil and gas exports generate taxes, royalties and dividends which make up, depending on the year, one quarter to one third of the Russian federal budget's revenue.** Lastly, consular sanctions are designed to deprive Russian diplomats, business people and civil servants of the facilities provided by the European Union for travel between the EU and the Federation. In these three areas, **the EU exerts its power off the battlefield but within the legal scope of its competences.** Far from betraying its vocation to be a peaceful power, the EU acknowledges the European balance of power without renouncing its values.

These interests play out in two ways: defending the values upon which the EU was created and safeguarding peace and collective security as much as possible. Naturally, the EU does not enjoy a monopoly on these principles. They are enshrined in the United Nations Charter, also signed by Russia. The sanction strategy is therefore inextricably linked to the EU's desire to establish a political balance in order to do what no other international body can justifiably do: to protect the EU's fundamental interests. In short, with these sanctions, the EU is striving to exist as an influential power and now no longer as the object of international relations. It is attempting to influence the strategic situation rather than being subject to it and having to adapt to it.

An additional point: the EU has consistently taken care to reduce the impact of its sanctions on civilian populations. For the EU, sanctions are rolled out against a policy but never against a regime or a people. Sanctions cannot be appropriated by neo-conservatives in favour of regime change. Of course, several governments (in Poland, the Baltic States) are currently attempting to present these sanctions as a political weapon wielded by democracies against autocracy. However, **the EU does not intend to interfere in the type of political regime. It "only" aims to make the foreign policy currently carried out by the Kremlin more difficult, or even impossible.**

For relations with the Russian Federation, the EU has kept to this line since the illegal annexation of Crimea and the support of separatists in Eastern Ukraine. Through these initial sanctions, the EU expressed its refusal to see European borders challenged unilaterally, its opposition to political repression and to Russia's expansion towards Europe by force.

In short, those who criticise the appropriateness of its international policy are simply denying its right to be a fully-fledged international player on its own continent. It is, however, difficult to see why the EU should make itself a benign presence in international relations when all its partners and rivals use measures that seek to establish a power balance.

II • A constant suspicion of inefficacy

The second charge levelled at this sanction strategy concerns its efficacy. Let's consider this argument and remember the objectives by which the sanctions' efficacy is measured. The European Union sanctions the Russian Federation (as it sanctions North Korea and Belarus) to make its foreign policy either costly or impossible. The sanction strategy aims to break the opponent's political willpower without resorting to weapons.

For detractors of sanctions, they fail in their purpose and only have a very limited impact on the economies of the States they target. It is true that sanctions against Belarus have not changed the country's leaders, sanctions against Myanmar have not put a stop to repression and sanctions against North Korea have not derailed its nuclear programme. In addition, these sanctions are thought to be detrimental only to the European Union's economy. In other words, the actual victims of the sanctions are allegedly Europeans, their spending power and their market shares. Critics of these sanctions also state that Russia will now turn to India and China to do business, for both imports (machine tools, medication, technologies) and exports (oil and gas).

These criticisms have been around as long as sanctions have. They must be considered on the basis of a simple question: what is an effective sanction? Should the sanction strategy against Russia be considered ineffective because it has not stopped attacks on Ukraine or changed the Putin presidency's political plans? An additional criticism is that sanctions can be bypassed by smuggling.

Here we should look at how sanction policies are designed and how they operate. They are indirect and long-term instruments. **Economic, financial and individual sanctions are indirect and aimed at making political leaders feel the cost of their decisions with a view to causing them to make changes to them.** They act as the armed wing of repeated diplomatic condemnations. As they are deferred, these sanctions cannot be compared to a direct military intervention. Instead, **they are rolled out over the long term to gradually cause the targeted decision-makers to revise their policy** with a view to obtaining a lifting of the sanctions. For some, individual sanctions fail to designate those actually responsible for the Russian foreign policy. In many cases, the lack of transparency in organisation charts and Russian decision-making circles means that sanctions may be poorly targeted. However, this highly relative inefficacy is offset by the fact that nominative lists are very strong signs of the EU's commitment to find those responsible. As with the bypassing of sanctions, the efficacy of sanctions can be improved in the medium term. That said, "gaps" in the nominative lists do not negate the macro-economic and macro-political efficacy of the strategy.

In the case in point, the sanction strategy has already been tested against Russia: the two years following the adoption of the first sanctions, 2015 and 2016, were punctuated by a major recession in Russia. This recession is not completely attributable to EU sanctions as it also resulted from a sharp drop in global hydrocarbon prices. In other words,

who can believe that the Russian economy could emerge unscathed when the country is deprived of military technology and access to European markets and financial markets? **The very structure of the Russian economy reflects its vulnerability to international economic sanctions:** Russian foreign trade (and its budgetary returns) depends for the most part on the export of energy products, military equipment and mineral ores, while imports (which are non-substitutable in the short term) concern machine tools and pharmaceutical products.

The main economic indicators converge to show the depressive effect of these sanctions on Russia: according to the IMF, Russian GDP will contract by -3.2% in 2022, according to the World Bank by -9%. In particular, economic sanctions bring about a general contraction in Russian foreign trade: the downturn in exports is estimated at -16% for the year by the IMF and at -35% by the World Bank. Inflation is estimated by the two Bretton Woods institutions at approximately +20% year-on-year for 2022.

It is clear that the structure of the Russian, Belarusian or Burmese political regimes makes them less sensitive to international sanctions than democratic systems. The pressure on Russia, its parliament, media and civil society groups and organisations is more limited as the State is governed by a “vertical power structure”. It would, however, be absurd to claim that Russia has made European sanctions inoperative: **the level of its potential growth is clearly curbed.** Russia’s economic growth in the 2000s was brought about by the influx of Western capital and technologies. Deprived of these two growth drivers and restricted in its trade opportunities to the West, **the Russian economic model is structurally weakened.** Sanctions will not change the Russian foreign policy in 2023. They will, however, change the face of the Russian economy until 2030.

III • Sanctions, and for what?

The third of the main charges levelled at this sanction strategy focuses on their future. There is criticism that the sanction strategy is a never-ending spiral: once sanctions are introduced, the EU can no longer backtrack and is doomed to tighten them regularly, endlessly and unnecessarily.

This risk is intrinsic to any show of political strength: the instrument must not dictate the content of the policy. In this case, the EU’s position has been consistent, explicit and coherent. Consistent because the EU has always designed and presented its sanction systems as a means of obtaining a change in international relations that favours its own objectives: compliance with international commitments, compliance with democratic pluralism and the renunciation of the use of force on the continent. Explicit because its sanctions, adopted unanimously by the EU-27, are supported by a united collective stance (despite divergence cultivated by certain countries and parties) which clarifies the EU’s position regarding the conflict. Lastly, coherent because the sanction strategy is not an aim in itself. This is where the EU is different from a repressive domestic apparatus: the sanction is not the consequence of the violation. It is not a punishment. An international sanction is a means of placing the EU in a favourable position of strength prior to entering into negotiations. This strategy will not only have an effect on Russia but also consequences in return for the definition of the EU’s foreign policy. Therefore, the fight against money laundering in general is a prerequisite for the improved efficacy of sanctions against Russia in particular. As a result, the sanction strategy may be rolled out together with a broader money laundering strategy with a view to combatting tax evasion, tax havens, organised crime and of course to improving the efficacy of sanctions.

In this case in point, the sanction strategy against Russia is a deferred beginning of negotiations. Above all, the EU aims to obtain concessions in exchange for the possible, gradual and proportionate lifting of its sanctions as part of negotiations following the conflict.

Conclusion • The difficult road to EU power

The sanctions instrument is undoubtedly flawed: it has not brought about an end to repression in Belarus or Myanmar; neither has it stemmed the Russian military campaign in Ukraine. In addition, sanctions have negative repercussions on European market shares in countries under sanctions. While these criticisms are not without relevance, they only serve to highlight that no instrument available to an international power can bring about only benefits with no disadvantages.

Today, in the tripartite power balance currently in play between the European Union, the Russian Federation and Ukraine, this sanction strategy is an irreplaceable and even key tool for European credibility as it places Russia under pressure, hinders its war effort in the short term and its economic development in the medium term and prepares the position for post-war negotiations. **For the war effort, the procurement of electronic components for aeronautical equipment is particularly complicated. As regards economic growth, a severe recession which is forecast to run into 2023 is the immediate price that Russia has to pay for its foreign policy.**

In the EU's current status as an international power, no other lever for action meets the objectives set by the EU regarding Russia, namely to refute the legitimacy of the invasion and annexation, to support Ukraine and to obtain a shift in Russian foreign policy. The sanction strategy is the first milestone in the EU's long road to becoming an international power.



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