

The Russia-Ukraine War: Limits of Western Sanctions and Russia's Strategic Response



Joung-ho Park

Ph.D., Senior Research Fellow, Russia and Eurasia Team
Center for Emerging Economy Studies

Russia launched a surprise invasion of Ukraine in February 2022, triggering a war on the European continent. This war between Russia and Ukraine still continues despite heavy casualties. The war has already entered its third year, and it is difficult to rule out the possibility of a prolonged war.

The United States and the European Union are responding in unison based on a strong sense of solidarity to Russia's provocations in Europe. The Western world has held Russia strictly accountable for its violation of international law and its undermining of the European security order. Western countries have continued to provide massive military, economic, and humanitarian support to Ukraine. In addition, the West has implemented the strongest form of economic sanctions in history with the aim of weakening Russia's ability to wage war. Russia is also taking countermeasures in response to these Western moves. Such countermeasures include Russia designating countries participating in the sanctions against it as "unfriendly" countries. For example, Russia actively utilized strategic resources such as energy and raw materials to impose export controls and other retaliatory measures. As a result, a form of "sanctions war" has ensued between the West and Russia.

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Since the outbreak of the war, the United States and the European Union have continued and expanded sanctions against Russia as a powerful means of retaliation. The West's core strategy of utilizing economic sanctions had a clear policy goal, which was to exert strong pressure on Russia to stop the war by significantly weakening its national power. It is no exaggeration to say that the main goal was to make Russia a failed state. In this context, the basic goals and directions of the West's sanctions against Russia focused on the following two issues. The first focus was to restrict or completely block access to the international market for Russia's major exports, including energy resources. The second was to completely block access to the technology and finance necessary for Russia to continue its economic development and modernization of military-industrial complexes.

In order to understand the limits of the West's sanctions against Russia, it is necessary to first consider the fundamental nature and characteristics of the sanctions. The most important factor is that the Western sanctions against Russia imposed after the invasion of Ukraine were not, in essence, "global sanctions." They were basically economic sanctions centered on the Western world and the G7 (including allies in the Asia-Pacific region). In other words, the majority of UN member states are not participating in the sanctions against Russia. For example, most Global South countries, including China, India, Turkey (NATO member), and Vietnam, are not participating in the sanctions against Russia, and even Israel, a key US ally, has chosen not to participate in the sanctions against Russia.

In addition, there is something that should be particularly noted regarding the economic sanctions against Russia imposed by the West. As is well known, the sanctions against Russia are collective economic sanctions by the Western world targeting the permanent members of the UN Security Council. In this regard, Russia's national power, such as its possession of strategic resources and means, and the ability to implement practical response measures to major national crises, were bound to be important factors in the effectiveness of the sanctions. Russia is on a completely different level in terms of national power and external economic influence from countries already subject to existing sanctions (North Korea, Cuba, Belarus, etc.). Unlike these countries, Russia is a regional power which can exert considerable influence on the international political stage and the global economic system, one which also has the military and economic (especially energy resources) means to counter the West.

The Russian leadership has sought various means to offset the negative ripple effects of Western economic sanctions and has prepared an appropriate response plan depending on the situation. In particular, the Russian government has set the stable management of its overall economy as a key goal of state affairs. To achieve this, it has pursued policies such as capital and export control,

import substitution, parallel imports, sovereign technology development, supply chain diversification, and support for small and medium-sized enterprises. In addition, it is important to note that Russia has so far been resolving issues related to the procurement of military supplies, which is a prerequisite for continuing the war, without major setbacks through the appropriate use of domestic and international means. This was the actual result of a combination of factors coming together – such as the new realities in the global technology market and Eurasian international relations, namely the ubiquity of digital technology, the globalization of supply chains, and strategic cooperation with countries (Iran, North Korea) that form “the axis of sanctions” along value-based geopolitical divides.

Based on the current point in time, the Western economic sanctions against Russia are experiencing some problems and difficulties in achieving their initial core objectives. In other words, it is virtually difficult to define whether Western sanctions against Russia have had a significant impact in the short term in blocking Russia's ability to wage war. Of course, there are certainly aspects of the anti-Russian economic sanctions that have had a negative impact on the Russian economy as a whole and on specific industries. However, it is also clear that the anti-Russian sanctions over the past two years and six months have inherently had clear limitations. Above all, contrary to the West's initial expectations, Russia's response strategy to the sanctions so far have been to work more efficiently while managing negative ramifications relatively well. The main driver of these results was that the Russian government's policy response to the crisis was not as bad as initially expected. In particular, the Russian Ministry of Finance and the Central Bank have carried out effective fiscal and monetary policies, which have been instrumental in mitigating the impact of anti-Russian sanctions and their economic side effects.

In addition to the issue of the effectiveness of anti-Russian economic sanctions, the non-participation in sanctions and the role of supply chain bypass channels by countries in the Global South, loopholes within exports of dual-use goods, and the presence of foreign companies that are willing to deal with Russian companies and markets have also been key factors helping Russia's efforts to evade sanctions.

After the start of the war, the Russian leadership have established a new foreign strategy in comprehensive consideration of changing international realities, and is currently actively pursuing this to create a cooperative partner that can replace the West. In particular, Russia is seeking to develop relations with countries of the Global South in multilateral and bilateral aspects. Based on this, Russia is circumventing Western sanctions and pursuing the core goal of its foreign strategy of multipolarization in the process of forming a new international order.

Ultimately, it can be evaluated that the Russian government's effective implementation of social

and economic stabilization policies, along with its efforts to strengthen external cooperation partnerships with countries of the Global South, have been key factors to offset the negative ripple effects of anti-Russian sanctions in the short term. **KIEP**