

From Yesterday to Tomorrow: the Dynamic Story of International Sanctions on the Russian Federation and their Effectiveness

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Introduction

As the third year of Ukraine's resistance to Russia's war of aggression is now well underway, military victories and defeats in Ukraine's counter-offensives have served as a primary lens through which Western audiences have understood Russia's will to continue prosecuting its illegal war. As the Kremlin's blatant power grab offended the consciences of millions the world over, a means for the West to compel an end to Putin's war besides military intervention proved necessary. Within short order, various NATO-aligned states led largely by the United States and European Union unveiled one of the most comprehensive and draconian sanctions packages in history.

Much less visible than the progress of Ukrainian soldiers on the battlefield has been the impact of halted trade on Russia's fiscal-military state and military-industrial capabilities. Moreover, it remains to be seen if financial disincentives can persuade Putin and his inner circle to change course, or if the Russian Federation's strongman leader is persuaded by sheer military force alone.

This Stanford-US-Russia Forum (SURF) memorandum seeks to investigate the efficacy of Western-led sanctions regimes against the Russian Federation. We begin our inquiry with an overview of sanctions implemented after the start of the full-scale invasion and how these complemented existing sanctions responding to Russia's 2014 annexation of Crimea. We next consider the impacts of economic sanctions on various interests of Russian industries and citizens in and outside of Russia. This paper next turns to various tactical and strategic shortcomings of historic Western sanctions strategies. Lastly, we seek to provide policy recommendations outside of those already recommended by the McFaul-Yermak sanctions working group.

Review of anti-Russian Sanctions

Sanctions Implemented after the 2022 Full-Scale Invasion

US

The American response to Russia's unprovoked invasion of Ukraine in 2022 was swift and far-reaching. In the days following the invasion, the United States announced a prohibition on investing in Russia, in both the public and private sectors, and banned the importation of Russian energy. The United States and its allies also banned seven Russian banks from the SWIFT financial system, a system that facilitates cross-border wire transfers, greatly reducing the degree of liquidity available to Russian

financial institutions.¹ On the individual level, the US government imposed sanctions against Russian President Vladimir Putin as well as on Russian elites.² The United States also sanctioned the Nord Stream 2 pipeline, a long-anticipated energy project that many feared would worsen Europe's dependence on Russian oil. The project has since been put on hold, and its official certification has been canceled.³

UK

In the United Kingdom, similar financial sanctions were imposed, targeting prominent Russian businessmen, politicians, and banks. Measures also included broad investment restrictions on directly conducting business in Russia, on top of expanded capital controls on Russian sovereign debt. The United Kingdom also imposed restrictions on the export of microprocessors and other dual-used technologies to Russia, in addition to primary Russian exports such as LNG, coal, oil, and gold.⁴

EU

Since the start of the war, the European Union has levied 11 rounds of sanctions against Russia, targeting everything from individuals to banks, financial markets, and the energy sector. Specifically, over 1,000 individuals have had their assets frozen or travel banned under the EU regulations, including Russian President Vladimir Putin and individuals affiliated with the Wagner Group. The EU also imposed an oil price cap prohibiting maritime shipments of Russian-origin oil and petroleum products unless below a price cap set by EU, UK, and US authorities, undermining Russian revenue from the energy sector. The EU also banned all flights from Russia, restricted the broadcasting of several Russian media networks, cut Russian banks from the SWIFT financial system, and froze Russian assets in European banks.⁵

Australia

While previous Australian sanctions were restricted to smaller-scale restrictions against the Russian arms and energy industries, in response to Russia's expanded aggression in 2022, Canberra announced a new, much more severe wave of sanctions targeting everything from prominent individuals in the Russian government to large Russian financial institutions. These punitive measures included similar provisions to other Western sanctions—including asset freezes, import bans on Russian coal and

¹ Claire Mills, "Sanctions against Russia," *House of Commons Library*, February 28, 2024, <https://researchbriefings.files.parliament.uk/documents/CBP-9481/CBP-9481.pdf/>.

² "A Guide to US, UK, and EU Sanctions and Export Controls on Russia and Belarus," *Debevoise & Plimpton*, March 20, 2024, <https://www.debevoise.com/-/media/files/insights/publications/2024/03/a-guide-to-us-uk-and-eu-sanctions-and-export.pdf?rev=1ba892af6f304fe592efbccad24173fb&hash=76DE4B19E35633B326AB2C7F472E774B/>.

³ Claire Mills, "Sanctions against Russia," *House of Commons Library*, February 28, 2024, <https://researchbriefings.files.parliament.uk/documents/CBP-9481/CBP-9481.pdf/>.

⁴ "A Guide to US, UK, and EU Sanctions and Export Controls on Russia and Belarus," *Debevoise & Plimpton*, March 20, 2024, <https://www.debevoise.com/-/media/files/insights/publications/2024/03/a-guide-to-us-uk-and-eu-sanctions-and-export.pdf?rev=1ba892af6f304fe592efbccad24173fb&hash=76DE4B19E35633B326AB2C7F472E774B/>.

⁵ Samuel Petrequin, "European Union countries agree on a new package of sanctions against Russia over the war in Ukraine," *Associated Press*, June 21, 2023, <https://apnews.com/article/european-union-sanctions-against-russia-ukraine-war-8df4e2ce3eeff80626c6a84bb86b3150/>.

petroleum, and bans on Russian luxury goods—while also targeting organizations such as the Wagner Group that undermine Ukrainian sovereignty. The measures also included sanctions on the Russian aerospace industry and a 35% tariff on all imports from Russia.⁶

Canada

In response to the Russian invasion of Ukraine, Canada has introduced similar sanctions to other Western nations, imposing restrictions against high-level Russian government officials and Russian financial institutions. Canadian measures also included sanctions against individuals and entities deemed of spreading disinformation or involved in human rights violations and a ban on the presence of Russian-operated aircraft and vessels in Canadian airspace and waters.⁷

Switzerland

While historically a country that prided itself on its neutrality during times of conflict, Switzerland took significant steps by implementing the European Union's sanction packages against Russia, including both individual and sectoral sanctions against the Kremlin. The nation has recently come under fire for not doing enough to enforce sanctions enforcement against Russians hiding money in Swiss banks, with only 7.7 billion CHF out of over 150 billion being frozen. Recent enforcement efforts have changed this, resulting in additional investigations of sanctions evasion and information sharing about sanctions enforcement with other participant countries.⁸

Japan

As a member of the G7, Japan also joined the West in sanctioning Russian financial institutions and individuals, contributing to the global financial pressure on Russia. Key institutional provisions included revoking Russia's Most Favored Nation trading status, joining the price cap on Russian crude, banning the sale of Russian debt in Japanese financial markets, and banning the importation of Russian goods, including everything from dual-use technological components to Russian alcohol, gold, and diamonds. On the individual side, the government of Japan has sanctioned executives linked to the Wagner Group and top-level officials in the Russian government, including President Putin and Foreign Minister Sergey Lavrov.⁹

South Korea

South Korea's sanctions against Russia included export controls on strategic dual-use items as well as a ban on financial transactions with Russian banks. However, the nation has not expelled Russian

⁶ Claire Mills, "Sanctions against Russia," *House of Commons Library*, February 28, 2024, <https://researchbriefings.files.parliament.uk/documents/CBP-9481/CBP-9481.pdf/>.

⁷ Claire Mills, "Sanctions against Russia," *House of Commons Library*, February 28, 2024, <https://researchbriefings.files.parliament.uk/documents/CBP-9481/CBP-9481.pdf/>.

⁸ "Swiss cracking down on attempts to evade Russian sanctions," *Reuters*, February 21, 2024, <https://www.reuters.com/world/europe/swiss-cracking-down-attempts-evade-russian-sanctions-2024-02-21/>.

⁹ Claire Mills, "Sanctions against Russia," *House of Commons Library*, February 28, 2024, <https://researchbriefings.files.parliament.uk/documents/CBP-9481/CBP-9481.pdf/>.

diplomats and has somewhat diluted its response to the Ukraine invasion, careful not to “completely burn the bridge” with Putin’s regime.¹⁰

Sanctions implemented after Russia’s 2014 Annexation of Crimea

In two successive waves during June and September 2014, the United States, Canada, the European Union, and various other NATO-aligned countries sanctioned Russia in response to its illegal annexation of Crimea and destabilization of Ukraine’s breakaway Donetsk and Luhansk oblasts. The sanctions were three-fold: to limit Western market access for specific Russian state-owned enterprises, to embargo Russian import of strategic goods for oil exploration and drilling, and to embargo Russian import of military and dual-use goods.¹¹ European-based multilateral institutions, including the European Bank for Reconstruction and Development (EBRD) and European Investment Bank (EIB), suspended cooperation with the Russian state and society.¹² The economic impacts of these sanctions, though widespread in scope for the shifts away from Russian imports from sanctioning and non-sanctioning countries alike as a derisking measure, were relatively small, with Russian counter-sanctions restricting far more trade than Western measures.¹³ This reflects the West’s largely targeted approach to hurt the Russian government and elites as opposed to Russia’s more blatantly militant attitude against the West even in the mid-2010s.

Impact of sanctions

Personal vs. sectoral sanctions

In response to Russia's 2022 invasion of Ukraine, the combined impact of sectoral and personal sanctions has significantly reshaped Russia's economic landscape. Sectoral sanctions have notably degraded Russia's economic foundation, with the U.S. and EU targeting vital sectors such as finance, energy, and defense. This strategic focus has led to a projected 15% contraction in Russia’s GDP for the year, a severe blow to the country's economic stability.¹⁴ The European Union's extension of sanctions

¹⁰ Maximilian Hess, “Seoul Searching: Lessons from South Korea’s Experience with Sanctions against Russia,” *Foreign Policy Research Institute*, December 18, 2023, <https://www.fpri.org/article/2023/12/seoul-searching-lessons-from-south-koreas-experience-with-sanctions-against-russia/>.

¹¹ “NATO Review - Sanctions after Crimea: Have They Worked?,” NATO Review, July 13, 2015, <https://www.nato.int/docu/review/articles/2015/07/13/sanctions-after-crimea-have-they-worked/index.html/>.

¹² “EU Sanctions against Russia,” accessed April 24, 2024, <https://www.consilium.europa.eu/en/policies/sanctions-against-russia/>.

¹³ “Making Sanctions Bite: The EU–Russian Sanctions of 2014,” CEPR, April 29, 2019, <https://cepr.org/voxeu/columns/making-sanctions-bite-eu-russian-sanctions-2014/>.

¹⁴ Center for a New American Security (June 16, 2022) on the broader economic measures and their impacts: Sanctions by the Numbers: Economic Measures against Russia, <https://www.cnas.org/publications/reports/sanctions-by-the-numbers-economic-measures-against-russia-following-it-s-2021-invasion-of-ukraine/>.

into dual-use goods and the prohibition on new investments in the mining sector further compounds these pressures, signaling a trustworthy international commitment to economic deterrence.¹⁵

On the other hand, although personal sanctions carry symbolic weight, they have been less effective in influencing Russia's internal politics. Targeting over 800 Russian elites and officials with travel bans and asset freezes, these sanctions are designed to penalize individuals directly responsible for or benefiting from the aggression towards Ukraine. However, evidence suggests that these measures may actually consolidate loyalty to the Russian regime rather than foster any potential dissent or policy shifts.¹⁶ This consolidation of loyalty can be attributed to several factors. Firstly, individuals targeted by sanctions may rally around the government in response to external pressure, a defense against purported foreign interference. Secondly, the Russian government has implemented measures to shield sanctioned individuals from economic harm, which includes compensatory financial support and opportunities to profit from sanctioned sectors domestically. This support system reduces the personal impact of sanctions, thereby diminishing any incentive to oppose the regime. Finally, the narrative propagated by Russian state media, which portrays sanctions as an unjust attack by hostile foreign powers, bolsters internal solidarity and discourages dissent. This contrast between the economic strain of sectoral sanctions and the less tangible impact of personal sanctions shows the nuanced challenges of deploying economic sanctions as tools of foreign policy.

On individual elites

The imposition of personal sanctions on Russian elites and governmental officials as a response to Russia's actions in Ukraine has targeted prominent figures, including oligarchs, governmental officials, entrepreneurs, artists, and others. Some of the brightest examples are Roman Abramovich, Mikhail Fridman, and officials like Sergei Lavrov. These sanctions include asset freezes, travel bans, and restrictions on international business dealings. For instance, Abramovich was forced to sell Chelsea FC, a move entangled in legal complications with proceeds intended for charity, highlighting the direct financial impacts on individuals.¹⁷ Similarly, Fridman has faced significant constraints on his international economic activities due to asset freezes.¹⁸ Sanctions on governmental officials like Sergei Lavrov have included similar financial and travel restrictions aimed at pressuring the Russian government by directly affecting its key members, yet the overall effectiveness of these sanctions in compelling policy changes within Russia remains controversial. Critics argue that while these sanctions restrict personal freedoms and impact financial operations, they may reinforce loyalty to the Russian government among those targeted, thus solidifying rather than diminishing support for state policies. The financial losses and

¹⁵ European Parliament (2023) on the specifics of EU sanctions, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753943/EPRS_BRI\(2023\)753943_EN.pdf/](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753943/EPRS_BRI(2023)753943_EN.pdf/).

¹⁶ Congressional Research Service (2022), The Economic Impact of Russia Sanctions, <https://crsreports.congress.gov/product/pdf/IF/IF12092#:~:text=URL%3A%20https%3A%2F%2Fcrsreports.congress.gov%2Fproduct%2Fpdf%2FIF%2FIF12092%0AVisible%3A%200%25%20/>.

¹⁷ The Independent (2023). "Abramovich hit by sanctions, assets frozen.", <https://www.independent.co.uk/news/roman-abramovich-ap-vladimir-putin-ukraine-russia-b2467155.html/>.

¹⁸ Meduza (2023). "Impact of sanctions on Mikhail Fridman's business activities abroad.", <https://meduza.io/en/news/2023/05/02/mikhail-fridman-oligarch-who-sought-to-escape-european-sanctions-involved-in-insuring-russian-military-vehicles-in-ukraine/>.

operational disruptions experienced by the Russian elite class are substantial, yet they have not necessarily translated into the anticipated political shifts, suggesting a complex interplay between individual impacts and broader geopolitical outcomes.¹⁹

On oil exports

Post-invasion, Western sanctions against Russian energy exports have considerably hampered the Kremlin's ability to finance its ongoing conflict in Ukraine. This has not only occurred through direct bans on the importation of Russian energy but also through multilateral mechanisms such as price caps that sanction actors facilitating the transport of Russian-supplied energy purchased below a specified price (typically \$100/barrel for refined petroleum products). According to a report by the Yermak-McFaul International Working Group on Russian Sanctions, impacted oil and gas revenues resulted in an estimated loss of between \$140-170 billion to the Kremlin since the onset of the conflict in February 2022. These measures have additionally led to an 80% decrease in pipeline gas sales to the EU, on top of constricting the revenue streams from Russian oil sales to other nations and limiting oil-field services and energy-related components to further constrain Russia's energy sector growth.

On military capacity

Western sanctions, and particularly export bans, have substantially restricted Russia's access to military-related products, including transport equipment and highly sophisticated technological components, most notably semiconductors. These restrictions have led to a sharp reduction in the availability of advanced components for Russia's ongoing conflict. Despite the Kremlin's best efforts to circumvent these measures via the importation of goods from non-sanctioning countries, these efforts have largely fallen short, especially for technological products like chips crucial for military applications.²⁰ To make matters worse for Moscow, Western economic sanctions have inflicted a severe spillover impact on Russia's military capacity and strained its budget, causing over 500,000 military-aged men to flee the country in search of better economic opportunities elsewhere. In turn, this pattern of migration has reduced the share of Russia's population eligible for the draft, further undermining the country's military capacity.²¹ By some estimates, including those from U.S. and NATO intelligence, Russia's inability to source defense equipment has set their military capacity back by over a decade.²²

On Russian émigrés

¹⁹ BBC News (2023). "Analysis of the effectiveness of sanctions on Russian government officials.", <https://www.bbc.com/news/world-europe-56720589/>.

²⁰ Alessandro Borin et. al, "The impact of EU sanctions on Russian imports," *Center for Economic Policy Research*, May 29 2023, <https://cepr.org/voxeu/columns/impact-eu-sanctions-russian-imports/>.

²¹ Boris Grozovski, "Russia's Economy at the End of 2022: Deeper Troubles," *The Wilson Center*, November 23, 2022, <https://www.wilsoncenter.org/blog-post/russias-economy-end-2022-deeper-troubles/>.

²² Joe Saballa, "Russian military may take 10 years to recover from Ukraine War: US intel," *The Defense Post*, May 8 2023, <https://www.thedefensepost.com/2023/05/05/russian-military-recover-war/>.

Russia's invasion of Ukraine triggered a substantial emigration wave, primarily driven by opposition to the war and fear of military persecution. Some individuals with liberal views found the idea of remaining in Russia and financially supporting the Kremlin through taxes both immoral and potentially dangerous.²³ This sudden and unplanned exodus abroad brought not only hope for safety but also a series of challenges that émigrés faced in their host countries.

Sanctions led many banks and financial institutions in Europe and other countries to avoid working with Russians, fearing condemnation. This has disrupted the financial stability of Russian émigrés, affecting their ability to support their families back in Russia, to sustain themselves abroad, and, in some cases, even to simply open a bank account.²⁴

These sanctions created not only financial barriers but also contributed to a significant social reproach against Russian nationals abroad. Émigrés reported challenges in securing employment and housing due to widespread mistrust and the perception of collective responsibility for the actions of the Russian government.²⁵ Many émigrés grapple with both the guilt of leaving family behind and the stigma of being associated with Russia's political decisions.

Strategic/tactical shortcomings

Besides areas of clear failure to contain the Russian Federation's economic and military capacity, since it launched its full-scale invasion, several previous missed opportunities for deterrence and elementary properties of Western-imposed sanctions currently hinder the West's approach.

Earlier crossroads - 2008

After the 2008 Russo-Georgian War, the international community's response to Russia was notably restrained, with no significant economic sanctions imposed similar to those after the annexation of Crimea in 2014, and especially those after the full-scale invasion of Ukraine in 2022. Instead, the response included diplomatic efforts and calls for peace, with the European Union and the United States primarily pushing for ceasefires and mediation rather than economic or military sanctions. This absence of a strong punitive response emboldened Russia, contributing to its future aggressive actions in Ukraine and other regions. Experts such as John Herbst and Matthew Bryza have observed that this weak international response, particularly the absence of significant sanctions, essentially provided Russia with a "green light" to proceed with minimal fear of repercussions in future conflicts.²⁶ They suggest that a firmer stance in 2008 might have deterred further Russian expansionism, highlighting the missed opportunity to use more forceful measures to influence Russia's actions on the international stage.

²³ Soldatov, A., & Borogan, I. (2023, December 14). *In From the Cold: The Struggle for Russia's Exiles*. CEPA. <https://cepa.org/comprehensive-reports/in-from-the-cold-the-struggle-for-russias-exiles/>.

²⁴ Olsen, M. (n.d.). *Uncertainty overload: Young Russian expats struggle to cope with war*. Courthouse News Service. <https://www.courthousenews.com/uncertainty-overload-young-russian-expats-struggle-to-cope-with-war/>.

²⁵ Olsen, M. (n.d.). *Uncertainty overload: Young Russian expats struggle to cope with war*. Courthouse News Service. <https://www.courthousenews.com/uncertainty-overload-young-russian-expats-struggle-to-cope-with-war/>.

²⁶ Atlantic Council. (2021). The 2008 Russo-Georgian War: Putin's green light, <https://www.atlanticcouncil.org/blogs/ukrainealert/the-2008-russo-georgian-war-putins-green-light/>.

Sanction Evasion: The Advantage of Russia's Economic Elites in Navigating Economic Restriction

The impact of sanctions on Russian elites compared to ordinary citizens illustrates a stark disparity in their ability to mitigate these restrictions. While oligarchs and elites leverage complex international financial networks to maintain their assets and lifestyles, ordinary citizens face severe challenges like difficulties in obtaining visas and opening bank accounts in Europe, significantly affecting their personal and economic freedoms, while the same banks often keep assets of governmentally-affiliated Russians. Additionally, unlike elites who often secure dual citizenship or residence permits through investment, ordinary citizens lack the financial means to do so. This contrast is exacerbated by the luxurious lifestyles maintained by families of Russian governmental elites in the West, seemingly unaffected by sanctions targeting their benefactors. Moreover, these sanctions have led to broader economic problems among the general populace, including a significant devaluation of the ruble, which has spiked inflation and reduced purchasing power, making daily life increasingly difficult for the average Russian.²⁷ This situation highlights the unintended consequences of broad sanctions and the need for more targeted measures that effectively constrain the elite without unduly impacting the broader population.

Sanctions Evasion via Third Countries/Parallel Imports

One of the most prominent methods of Russian sanctions evasion has been the practice of parallel importation, a process by which Russia imports sanctioned goods from unsanctioned countries, typically post-Soviet countries such as Kazakhstan, Armenia, and Belarus. These countries serve as transit points for a range of goods from automobile components to consumer electronics that, while banned in Russia, can be purchased via secondary markets abroad. For instance, the import of new passenger cars into the Russian market has increased by over 480% since 2021, with Chinese manufacturers accounting for about 70% of the total. Reports indicate that from January to October 2022, Kazakh companies exported electronics and mobile phones to Russia worth over \$575 million, which is 18 times more than in the same period of 2021, reflecting Kazakhstan's significant role in re-exporting goods to Russia²⁸. Similarly, Armenian exports to Russia surged by 463% between 2022 and 2023, further highlighting the use of these countries as transit points for goods that bypass sanctions. Armenian exports to Russia reached over €328 million in value during this period²⁹. Even luxury brands—including Ferrari supercars, Apple products, and Louis Vuitton goods—remain widely available in Russia despite Western sanctions. In fact, the scale of the issue has grown so vast that the value of parallel imports into Russia recently reached \$6 billion annually, despite overall imports into Russia collapsing by over a third.³⁰ In response, the U.S.

²⁷ Lama El Baz, Dina Smeltz, Denis Volkov, and Stepan Goncharov, "Western Sanctions Have Largely Spared Ordinary Russians", *Chicago Council on Global Affairs*, July 24, 2023:

<https://globalaffairs.org/research/public-opinion-survey/western-sanctions-have-largely-spared-ordinary-russians/>.

²⁸ Abdrahmanov, R., & Zhumagulova, K. (2023). "How Kazakhstan helps Russia bypass Western sanctions", October 25, 2023, <https://thediplomat.com/2023/10/how-kazakhstan-helps-russia-bypass-western-sanctions/>.

²⁹ David O'Sullivan, "Russia's trade partners clamp down on sanctions loopholes in face of EU pressure", June 19, 2023,

<https://www.politico.eu/article/russia-trade-partners-clamp-down-on-sanctions-loopholes-in-face-of-eu-pressure/>.

³⁰ Ashutosh Pandey, "How Russia is dodging Western sanctions," *DW*, August 18, 2022,

<https://www.dw.com/en/how-russia-is-dodging-western-sanctions-with-gray-market-imports/a-62850223/>.

Department of the Treasury has extended its sanctions authorities to include the aerospace and electronics sectors, but whether such measures will be effective remains to be seen.³¹

Western Historic Unresponsiveness in Sanctions Policies

Prior to recent iterations of Western sanctions against Russia in response to its war of Western aggression, the West has demonstrated slow responsiveness in lifting sanctions against Russia and other former geopolitical adversaries following material changes in conditions. The Jackson Vanik Amendment, passed in 1974 in response to the Soviet Union's hostile policies toward Jewish emigration to Israel, formally codified the USSR (and all communist countries except Yugoslavia's) 1951 suspension of most-favored-nation trading status.³² Despite Russian Jews gaining the freedom to emigrate to Israel following the collapse of the USSR in 1991, the policy remained on the books (with regular waivers approved to provide de-facto normal trading status) until the passage of the Magnitsky Act in 2012. The law similarly remains in effect with relation to Kazakhstan, Uzbekistan, and Tajikistan to date, thus requiring Congress to conduct an annual review to provide conditional normal trading relations despite no substantive violations today of the 1970's-defined criteria of the law.³³

The United States also has exhibited similar political indecision regarding the rollback of other consequential sanctions. In 2014, recognizing the intractability of the communist regime that had continued to rule Cuba since the United States unilaterally imposed sanctions in 1962, the Obama Administration pursued a policy of "thaw" in the US-Cuba relationship to ease the flow of goods and people between the estranged states.³⁴ Such policy evolution was short-lived, however, as the Trump administration would reverse the roll-back just a few years later in 2017.³⁵ Similar domestic political dynamics hampered the United States' continuity of policy on Iranian sanctions: after lifting broad swaths of sanctions alongside the EU and other P5+1 entities in order to implement the Joint Comprehensive Plan of Action (JCPOA),³⁶ Congress's failure to codify the Obama administration's nuclear deal allowed Trump to cancel the deal, reimposing sweeping sanctions in the process.³⁷

America's and the West's failures to adopt and maintain coherent sanctions strategies do not go unnoticed in the international arena. The United Nations has repeatedly called upon the United States to

³¹ "FACT SHEET: Disrupting and Degrading — One Year of U.S. Sanctions on Russia and Its Enablers," *U.S. Department of the Treasury*, February 24, 2023, <https://www.home.treasury.gov/news/press-releases/jy1298/>.

³² Maria A. Blackwood, Cathleen D. Cimino-Isaacs, and Liana Wong, "The Jackson-Vanik Amendment and Permanent Normal Trade Relations" (Congressional Research Service, December 20, 2023), <https://crsreports.congress.gov/product/pdf/IF/IF12556#:~:text=In%201974%2C%20the%20Jackson%2DVanik,free%20emigration%20of%20its%20citizens/>.

³³ "A Cold War-Era Amendment Is Preventing a Deepening of U.S. Relations With Central Asia," accessed April 20, 2024, <https://thediplomat.com/2023/07/a-cold-war-era-amendment-is-preventing-a-deepening-u-s-relations-with-central-asia/>.

³⁴ "Presidential Policy Directive -- United States-Cuba Normalization," *whitehouse.gov*, October 14, 2016, <https://obamawhitehouse.archives.gov/the-press-office/2016/10/14/presidential-policy-directive-united-states-cuba-normalization/>.

³⁵ Jon Lee Anderson, "Donald Trump Reverses Barack Obama's Cuba Policy," *The New Yorker*, June 16, 2017, <https://www.newyorker.com/news/daily-comment/donald-trump-reverses-barack-obamas-cuba-policy/>.

³⁶ Ashish Sen, "A Brief History of Sanctions on Iran," *Atlantic Council* (blog), May 8, 2018, <https://www.atlanticcouncil.org/blogs/new-atlanticist/a-brief-history-of-sanctions-on-iran/>.

³⁷ Mark Landler, "Trump Abandons Iran Nuclear Deal He Long Scorned," *The New York Times*, May 8, 2018, sec. World, <https://www.nytimes.com/2018/05/08/world/middleeast/trump-iran-nuclear-deal.html/>.

end the Cuban Embargo, typically by astronomically wide margins, during every UN General Assembly forum since 1992;³⁸ the 2023 vote saw 187 condemning the measure, with only the US and Israel opposing and Ukraine abstaining from the resolution.³⁹ As the United States continues to elicit widespread condemnation from the international community for controversial sanctions measures and fails to change sanctions-enabling laws even after the conditions causing such sanctions no longer apply, Russian policymakers may thus consider prospects of lifting sanctions with a cessation of the war as incredible and instead view punitive economic measures against the regime as a sunk cost. The credibility that a sanctions sender will lift sanctions if the recipient acquiesces is the most important factor in determining whether a sanction will have a coercive effect,⁴⁰ meaning that the United States and Western community must fix these trends if its sanctions are to play a role in ending Russia's war of aggression.

Uncalibrated sanctions targeting following Russia's illegal annexation of Crimea

Elements of the European-American sanctions imposed in response to Russia's 2014 illegal annexation of Crimea and propagation of the breakaway Luhansk and Donetsk "People's Republics" lacked strategic coherence. One particular misstep may have been the forced suspension of EBRD activities. Founded amid the mass collapse of communist regimes in 1991 with the dual mandate of supporting economic and political transitions, the EBRD was forced by the European Union to suspend all investment activities in Russia as the EU sought sanctioning leverage.⁴¹ The decision to target the entirety of the Russian economy with the lending freeze, rather than specific sectors like oil that are closely tied to the Russian Federation's ability to raise revenues, continued to draw criticism and contestation for years after the initial imposition of sanctions.⁴² While continued support of private enterprises yet uncaptured by the Russian state could have allowed the West to continue to foster close economic links with the Russian people while distancing itself from the government, it instead started the decoupling process from Russia as a whole. In doing so, the West sacrificed leverage that it would have had via gradual increases in sanctions intensity while triggering the Russian-Western economic divorce earlier than may have been needed.

Decoupling and Recoupling

As the West has drastically restricted direct sales of wide arrays of goods, services, and technologies to Russia and ceased to buy Russian oil above its price cap, Russia has redirected its commercial goods toward markets such as India and China. According to its customs data, Chinese

³⁸ "UN General Assembly Calls for US to End Cuba Embargo for 29th Consecutive Year | UN News," June 23, 2021, <https://news.un.org/en/story/2021/06/1094612/>.

³⁹ "U.N. Votes to End US Embargo on Cuba; US and Israel Oppose | Reuters," accessed April 20, 2024, <https://www.reuters.com/world/americas/un-votes-end-us-embargo-cuba-us-israel-oppose-2023-11-02/>.

⁴⁰ Daniel W. Drezner, "Global Economic Sanctions," *Annual Review of Political Science* 27, no. 1 (June 15, 2024): annurev-polisci-041322-032240, <https://doi.org/10.1146/annurev-polisci-041322-032240>.

⁴¹ "EU Set to Block New Loans to Russia through EIB, EBRD | Reuters," accessed April 20, 2024, <https://www.reuters.com/article/idUSKBN0FL0VD/>.

⁴² "Russia To Challenge EBRD Ban On New Investments," *Radio Free Europe/Radio Liberty*, 05:39:22Z, sec. Russia, <https://www.rferl.org/a/russia-challenge-ebrd-ban-new-investments/28477003.html/>.

imports of Russian oil increased by more than 24% in 2023 to make Russia its largest oil vendor.⁴³ India has also filled in a large gap for Russia's petro-economy, becoming its second-largest oil buyer after China last year.⁴⁴ Indian purchases of Russian oil and gas have been particularly concerning due to its lax approaches toward vendors illegally reselling refined Russian petroleum products on the global market.

Beijing has viewed the West's simultaneous hostility toward itself and Moscow as an opportunity to strengthen diplomatic ties between the two powers, with its senior-most diplomat declaring in 2023 that China was "committed to strengthening and deepening the Sino-Russian friendship."⁴⁵ In an era of fierce geopolitical competition with China, the prospect of forging a closer alliance between the West's common adversaries represents one of the greatest threats to the long-term stability of its place in global order.

Policy recommendations

Constructing a Coherent Western Strategy

The Western sanctions imposed on Russia aimed to weaken Russia's ability to sustain its war efforts in Ukraine. However, the execution and coordination of these sanctions have faced criticism. Different countries within the Western alliance have varied in their commitment to and execution of these sanctions, leading to a non-uniform front. Moreover, the explicit goals of these sanctions, while generally understood as punitive and deterrent, have not always been communicated with clear, measurable objectives that define success or an end strategy.

For sanctions to be effective, they require rigorous enforcement and a unified approach, alongside transparent and explicitly stated goals that all participating countries agree upon. The lack of these elements can undermine the potential impact of sanctions, allowing Russia to find ways to circumvent economic pressures and continue undesired behaviors without significant consequences.

Western countries must align their policies and coordinate their efforts to maximize the impact of the sanctions and prevent Russia from exploiting any divisions or loopholes.

Increase incentives to support anti-war émigrés in the West

Without assistance for highly skilled professionals to emigrate from Russia and Belarus, the rogue regimes will continue to have unfettered access to top talent for their military-industrial complexes. For example, IT specialists have returned to Russia and accepted positions at the Skolkovo Innovation Center in Moscow as drone developers, with a draft deferment included as part of their employment agreement.⁴⁶

⁴³ "China Defies Sanctions to Make Russia Its Biggest Oil Supplier in 2023 | Reuters," accessed April 21, 2024, <https://www.reuters.com/business/energy/china-defies-sanctions-make-russia-its-biggest-oil-supplier-2023-2024-01-20/>.

⁴⁴ "How India's Imports of Russian Oil Have Lubricated Global Markets," *The Economist*, accessed April 21, 2024, <https://www.economist.com/asia/2024/04/11/how-indias-imports-of-russian-oil-have-lubricated-global-markets>.

⁴⁵ Thomas Fazi, "How Russia and China Overtook the West," *UnHerd*, March 20, 2023, <https://unherd.com/2023/03/how-russia-and-china-overtook-the-west/>.

⁴⁶ Soldatov, A., & Borogan, I. (2023, December 14). *In From the Cold: The Struggle for Russia's Exiles*. CEPA. <https://cepa.org/comprehensive-reports/in-from-the-cold-the-struggle-for-russias-exiles/>.

Western governments should recognize the unique position and potential of Russian and Belarusian émigrés as allies in promoting democratic values within their countries.

To this end, policies facilitating their integration and stability in host countries are critical. This includes providing access to employment, extending visa durations, and offering language and cultural integration programs.⁴⁷

Streamlining Sanctions and Asset Verification for Russians

The effect of sanctions on ordinary Russians is significant, as examined in the previous sections. Currently, however, there are not many suggestions—and even fewer implemented actions—to allow Russian citizens who are against their government's actions to leave the country and be documentally and legally well-accepted in Western countries.

The concept of a "passport for a good Russian," initially suggested by Garry Kasparov to identify Russians opposing government policies for exemption from sanctions, has faced significant criticism⁴⁸. This proposal, similar to the "passport of new Belarus," risks deepening societal divisions and may fail to protect individuals from repercussions within Russia and complicate their international interactions.⁴⁹ Therefore, a more effective approach would enhance background checks and standardize procedures for Russians opposing their government, facilitating their access to Western travel documents and work permits without the risks associated with such passports.

Moreover, a mechanism to unfreeze the assets of Russians in the West, conditional on proving the legality of said assets' accumulation, should be implemented. If individuals cannot demonstrate that their assets were acquired through lawful means, these could be redirected to support Ukraine. This would target the Russian elites' financial interests abroad and emphasize transparency and legal accountability, aiming to refine the effectiveness of sanctions by focusing on individuals linked to corruption.

Together, these approaches would support a refined, legally sound framework that supports individuals opposing authoritarian regimes and ensures that sanctions more accurately target those complicit in undermining international norms. Streamlined sanctions and asset verification would not only address the need for fair treatment and justice but also align punitive measures with moral and ethical considerations, enhancing sanctions' overall effectiveness and fairness.

⁴⁷ *Sergei Guriev calls for support for émigrés who have fled Vladimir Putin's Russia.* (2022, May 5). The Economist. <https://www.economist.com/by-invitation/2022/05/05/sergei-guriev-calls-for-support-for-emigres-who-have-fled-vladimir-putins-russia?giftId=69b42e72-8837-420d-a07e-2ab458b59ddd/>.

⁴⁸ Kira Shtern, Lossi36, "Good Russians And Where To Find Them" (July 25, 2022): <https://lossi36.com/2022/07/25/good-russians-and-where-to-find-them/#:~:text=The%20speakers%20proposed%20the%20creation,an%20anti%20Dwar%20declaration%20first/>.

⁴⁹ Radio Liberty, "'The Price of What Russia Did'. Problems Left the Country" (August 9, 2023): <https://www.svoboda.org/a/plata-za-to-cto-natvorila-rossiya-problemy-uehavshih-iz-strany/32537897.html/>.

Publicize database of companies suspected of smuggling contraband to Russia through the Eurasian Economic Union

One way to control the proper implementation of sanctions to prevent its avoidance is the establishment of a detailed database aimed at enhancing the enforcement of sanctions against Russia. Such a tool would catalog individuals and companies suspected of engaging in illegal or sanctionable activities, particularly those connected with the Russian military-industrial complex. An effective database should amalgamate data from open sources, investigative findings, and financial records to scrutinize the legitimacy of transactions and asset holdings. Integration would boost transparency and efficacy in sanctions enforcement, providing a reliable mechanism to assess and verify the activities of Russian nationals and entities. This strategic approach would facilitate a more targeted action in freezing or seizing assets, significantly hindering the concealment or laundering of corrupt funds.

The necessity of this database is highlighted by the activities of Texas Instruments, which, despite sanctions, continues to supply crucial technological components to Russia. These components are essential for the maintenance and development of Russia's military capabilities. Reports have identified Texas Instruments chips in various Russian military equipment, including drones and missiles⁵⁰. By utilizing complex networks that involve third-party countries and companies, this company exemplifies how certain entities exploit less stringent regulatory environments to continue their trade with Russian entities, thus circumventing existing sanctions.

An effective and accessible database would serve as a critical tool in identifying and monitoring such companies and the networks they employ to bypass sanctions. Including entities like Texas Instruments and detailing their transactions and partnerships would provide essential intelligence to tighten enforcement and close the loopholes that currently enable Russia to indirectly access international markets and products. This comprehensive approach to sanction enforcement is necessary to limit Russia's capabilities in sectors where international restrictions are intended to apply, thus enhancing the global effort to uphold international law and order.

Demonstrate Western responsiveness by removing sanctions when conditions have changed

The most important factor for sanctions to work as a coercive measure is for the sanctioned country to realistically expect sanctions to be lifted upon changing their behavior. Needless to say, the West cannot and should not reverse any meaningful amount of sanctions while Russia continues to prosecute its war of aggression, as doing so would simply strengthen its hand against Ukraine. Nevertheless, for sanctions to have a meaningful impact in ending the war at this point, it would come from the West finding alternative ways to signal its willingness to normalize relations following any negotiations formally ending the conflict.

⁵⁰ Steve Stecklow, David Gauthier-Villars, Maurice Tamma, “The supply chain that keeps tech flowing to Russia”, December 13, 2022, <https://www.reuters.com/investigates/special-report/ukraine-crisis-russia-tech-middlemen/>

Repeal Jackson-Vanik in Central Asia

The Jackson-Vanik amendment is an outdated policy tool to address a problem that no longer pertains to post-Soviet Uzbekistan, Kazakhstan, and Tajikistan. To be sure, none of these Central Asian states are bastions of liberal democracy nor protectors of human rights. But these are not the criteria under which they were originally sanctioned. While the United States government has effectively acknowledged that these conditions no longer apply to post-Soviet Central Asia by repeatedly issuing waivers, that the law remains on the books demonstrates how political inertia hinders the just conduct of America's foreign policy. Senators Chris Murphy (D-CT) and Todd Young (R-IN) introduced a bill in September of 2023 to repeal the Jackson Vanik amendment in relation to these three states.⁵¹ The United States Congress should pursue this legislation to provide a low-stakes example that it has the political will to reverse superfluous sanctions.

Re-evaluate sanctions on other estranged countries

Besides relatively geopolitically inconsequential examples such as the persistence of Soviet-era sanctions on Central Asian states, other U.S. efforts to demonstrate political resolve to repeal undue sanctions will necessarily be more politically challenging. Some jurisdictions, such as Iran, that may have once merited reconsideration of sanctions (as was the case when the JCPOA was first being implemented) constitute too great a national security risk to reasonably pursue sanctions relief. Of those countries facing comprehensive sanctions per the Office of Foreign Assets Control (OFAC), Cuba stands out as a noteworthy case where the United States could partially ease sanctions policy without substantially increasing national security risks for itself or its allies. Of course, such persistent sanctions regimes such as the Cuban Embargo bear their own political costs.

Leverage critical junctures to bring Russia to the bargaining table

Though previous opportunities for the West to exert economic leverage against Russia have failed to coerce its rogue leadership to abandon aggressive tactics against its neighbors, this does not preclude the possibility that future instances might yield successes if approached strategically. As already stated, Russia's leadership must be made to understand that economic penalties by the West are not a foregone conclusion if it is willing to abandon its war in Ukraine. Even without a full conclusion of the conflict, the West might be able to lobby Russia to make certain concessions. While the West still lacks a uniform, explicit, coherent policy regarding its expectations of Russia, Volodymyr Zelenskyy's November 2022 10-point peace plan might serve as a helpful guide based upon which NATO and its allies can attach incentives and disincentives. Avoidance and/or cancellation of certain sanctions might be merited, for instance, if the Russian Federation fully committed to such measures as releasing Ukrainian prisoners of war and kidnapped children (point four), reinstated the Black Sea grain deal and commercial shipping corridors on a permanent basis (point two), or began full cooperation with Ukrainian and ICC authorities of war crimes investigations (point seven). How the West might effect these outcomes, of course, depends

⁵¹ "Bipartisan Bill Seeks to Repeal Jackson-Vanik for Kazakhstan, Uzbekistan, and Tajikistan," accessed April 20, 2024, <https://thediplomat.com/2023/09/bipartisan-bill-seeks-to-repeal-jackson-vanik-for-kazakhstan-uzbekistan-and-tajikistan/>.

not only on the will of Ukrainian partners to agree to back such measures, but on which sanctions it is willing to renegotiate and what areas of Russian economic activity remain in Western control to leverage.

Express attainable conditions whereby Russia could delay/minimize asset seizures

The West's substantial collection of Russian foreign assets could provide the opportunity to exert leverage over Russia in the short-term future if properly weaponized. With the United States now legally authorized to confiscate the \$5-\$6 billion located in the US and the European Commission considering legislation to at least partially tap into the €210 in Russian assets under their control, now is the moment for the West to seek concessions from Moscow.⁵² Kremlin representatives have already issued threats to the prospect of asset seizure, indicating the significance of potential losses to Russia's government, and for good reason. However small the prospects of success, the West and Ukraine ought to consider direct negotiations with Russia for the latter to retreat and concede occupied territories back to Ukraine in exchange for the avoidance of asset seizure. At worst, failure of such attempted trilateral talks would leave the West and Ukraine in no worse a position than present.

Conclusion

The West's concerted efforts to extract a toll from Russia for its unconscionable war in Ukraine have not been without results. The breadth and swiftness of American, European, and Asian partners imposing sanctions against Russia after its invasion was unprecedented, and Russia's economy has suffered significantly from its isolation from global supply chains.

Nevertheless, more remains to be done if sanctions are to play a part in ending Russia's barbaric war. This memo's recommendations are by no means exhaustive of reforms that Ukraine's allies ought to consider to coerce Russia into ending its war. Instead, these recommendations seek to add to the growing list of policy considerations that Western partners ought to consider in order to bring Russia's war to an end.

⁵² "Russia Warns Europe: If You Take Our Assets, We Have a Response That Will Hurt," *Reuters*, April 23, 2024, sec. Europe, <https://www.reuters.com/world/europe/russia-warns-europe-if-you-take-our-assets-we-have-response-that-will-hurt-2024-04-23/>.