**Effects of Sanctions on Russia**

**Introduction**

On the 24th of February 2022, Russia invaded Ukraine, escalating the war between the two countries since 2014. It is estimated that in the last couple of months, more than 9 million Ukrainians have fled the country, while another 8 million people have been displaced by May (Gontmakher, 2022). The Russian invasion of Ukraine has since not gone so well, especially with the international community, and this has seen Russia suffer a huge economic blow. Part of the sanctions imposed on Russia included sanctions from the European Union, the United States, and sanctions on exports and banking, among many other sanctions that may end up crippling the Russian economy. This paper will consider some of the sanctions imposed on Russia by the international community and, at the same time, explore the effects of the sanctions on the Russian economy.

**Financial Sector Companies and Exports**

For the next few months, if not years, Russia is considered to have a very large economic down time caused by some of the major sanctions imposed on them by the international community for their invasion of Ukraine. The financial sector within the Russian economy has suffered a huge blow after their foreign exchange reserves and half of their gold reserves, which were stored in the west, were frozen (Gontmakher, 2022). That way, it is impossible to export euro and dollar notes to Russia as well as other currencies. A number of countries in the west have also suspended the operations of Russian banks within their territories. At the same time, leading banks in Russia have also been removed from the SWIFT system, and most of these measures have had a huge consequence not only on the financial sector of Russia but also on the economy at large.

Russia is also one of the leading exporters of oil and coal. The West and the majority of European countries are considering ending their reliance on Russian oil and coal by the end of this year (2022). Europe is highly dependent on Russian supplies. It is estimated that Russia earns 850 million dollars a day from the sale of gas and oil (Sweet & Hussein, 2022). In the coming months, these kinds of revenues will start to decrease significantly. Their exports of some of their products have also significantly decreased in the last few months, and this will also have a huge negative impact on their economy. The Russian elite and business people have been targeted and some of their businesses and organizations sanctioned. One of those people targeted was Roman Abramovich, who invested in the sports industry and had to sell his investment because of the sanctions imposed by the UK on Russia and anyone connected to the Russian government (European Union, 2022). Major industries across Russia, industries that had employed millions of people, stopped operations in the country as part of the sanctions. Companies such as McDonalds, KFC, Coca-Cola, Shell, and BP that would have contributed huge amounts of revenue in terms of taxes to the Russian government have since closed their operations, rendering millions jobless and reducing the amount of revenue they contribute to the government.

**The Aviation Industry, Inflation and Loans**

The aviation industry in Russia has also suffered significantly. Russian airlines have been locked out of accessing more than half of the world’s airports, crippling the Russian air sector that has over the years been a major contributor to their economy. At the same time, manufacturers have also stopped the maintenance of Russian aircraft, largely crippling the sector. Despite many economists and professionals claiming the effects of the sanctions may not happen immediately, the effects on the economy are already evident. The inflation rate in Russia has risen significantly. In March 2022, the consumer price index rose by 7.6% in comparison to what it was in February. It is estimated that the inflation rate will hit 20% from the current 17.3%, according to a survey by the Central Bank of Russia (Bown, 2022). The high inflation levels in Russia have significantly impacted the cost of living, and in the next few months, with the level of unemployment coupled with inflation, the economic situation in Russia will be extremely bad.

Apart from the major restrictions that have been made on Russian banks across different countries where Russia holds a significant amount of money, Russia is also believed to have failed to pay a debt for the first time because they missed a key deadline (BBC, 2022). Their reason for defaulting on the debt is because despite having the one hundred million dollars to repay the debt, they cannot make the payment because of the sanctions imposed on them and that means they cannot in future be in a position to get development loans to carry out major projects in their nation. Money held in US banks is inaccessible and so Russia cannot repay their international loans (BBC, 2022). This will affect Russia in a big way in the future because they may not be able to access international loans.

**Conclusion**

The results of the sanctions imposed on Russia may not be very evident now, despite there being a few effects such as inflation and unemployment, in the coming months, the effects will hit the Russian economy and probably cripple it for some time before they can bounce back. For instance, the closure of major industries that contributed revenue to government will be felt in the coming months as well as the stop of major exports and imports by the country. The long-term effects will be felt probably by the end of the years.

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