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UKRAINIAN CRISIS: THE EFFECTS OF INTERNATIONAL SANCTIONS ACCORDING TO RUSSIAN MEDIA.

This article aims to explain the reasons of embargo against Russia, the reaction of Kreml, and the repercussions of restrictive measures on international and Russian economy an export.

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In the last two years, the attention of international media and press has been focusing on the chain of events that took place in Ukraine: that is to say, the **deterioration in relations between Kiev and Moscow** and the **restrictive measures applied by UNO, USA, and EU**. After several attempts at international cooperation, made by the United States and European Union, a series of sanctions were imposed against the Russian Federation, which in turn raised a **trade embargo** on several products and considerably limited the international export. These measures were firstly introduced by the US, then by some European countries and their allies, such as **Canada, Japan and Australia**. Briefly, they adopted restrictive measures against Ukrainian and Russian natural and juridical persons, considered responsible for the political Ukrainian crisis. Before analyzing the repercussions of trade embargo on international economy, we will summarize the main phases of the conflict and the causes of the deterioration in relations between Russia, EU and G8 members, by taking Russian press in consideration.

Undoubtedly, the primary cause of the conflict is the **internal crisis and the independence of Crimea from Ukrainian Republic**, which can be traced back to February 2014: after the **Parliament's decision of destitution of President Viktor Janukovich**, followed by several protests (known as Euromaidan; literally: European square, from the name of the famous square in Kiev, in which the civil demonstrations took place) and the rise to power of the opposition, the majority of Russian-speaking population in Crimea protested against the new government - which is thought to have violated the Ukrainian Constitution – and asked for the annexation to the Russian Federation. Since Russia does not recognize the new Ukrainian political force, it sided with the Russian-speaking population and the separatist movement: as a result, **on 16th March 2014 a referendum was held** to decide whether to approve or not the annexation to the Russian Republic. The results of the plebiscite testify the separatist will of the population, therefore **on 18th March Crimea officially became a republic of the Russian Federation**. EU, the USA, UNO and their allies took side against **Russia**, which was **accused of having obtained the annexation of Crimea only through the occupation of the Ukrainian territory**; on the other side, the **Kremlin stated that the principle of self-determination was respected** and that it helped the Russian-speaking population of Crimea.

Although President Putin stated that Russia has always considered, considers and will consider Ukraine as an ally, that he has respected the principles and acted according to the principles of international Law, Europe and the US sided with the new Ukrainian government: Barack Obama and Angela Merkel demanded respect to the norms of international law and the resolution of territorial and political controversy with Ukraine through constant dialogue. Not only did European countries and the United States deny the legitimacy of results of referendum in Crimea – since it does not follow the principles of Ukrainian Constitution – they also threatened Russia to take measures, such as **restricting**

the free entrance in Europe to Russian citizens, changing the visa procedure and limiting the international export. Vladimir Putin highlighted the serious effects of embargo, stating that the decisions made by the Russian Federation are well-founded and any threat against Russia is damaging and counterproductive.

Considering that Moscow did not accept the guidelines of other countries, on 6th March President Barack Obama approved a decree to introduce **considerable sanctions on juridical and natural persons responsible for the crisis in Ukraine.** After a few days, New Zealand, Australia, Canada and other European countries adopted the same measures and put several **Ukrainian and Russian companies and organizations in a “blacklist”.** The first category of sanctions affected a limited number of natural persons, by limiting their entrance of those persons in the European territory and blocking their bank accounts. The second category of sanctions, introduced on April, was the direct reaction of US and EU to the intensification of the deterioration in relations between Kiev and Moscow and the military intervention. Indeed, **after Malaysia Airline Boing 777 catastrophe** – which happened on 17th July 2014 on the boundary lines between Ukraine and Russia, whose responsables are presumably pro-Russian insurgents – **US and Europe intensified the measures against the Kremlin:** as a result, the sanctions affected **energetic, infrastructural and communicative industry.** In particular, EU made the measures harsher:

introducing several **sanctions on Russian banks** (among which Sberbank, VTB, Gazprombank and Vnešekonombank); **limiting the export ad the import of military materials and weapons in Russia; preventing three Russian energy companies** (Gazprom-neft’, Trans-neft’, Ros-neft’) **from selling some types of bonds; forbidding investments in Crimea and in Sevastopol.** Following the measures adopted by EU, USA and other European States, **the Kremlin reacted by introducing a great deal of limitations on international companies and natural persons** – without specifying their names – in order to limit their entry into the Russian Federation territory; moreover, after the decision of the US Minister of Finance to block any procedure on MasterCard and Visa credit cards in some Russian banks, in Russia a national system of automatic payment was introduced. Furthermore, with the Decree “Introduction of special economic measures to guarantee the safety of Russian Federal Republic” - signed on 6th August 2014 – Putin established **the ban on a great variety of products from those countries that had introduced sanctions against Russia.**

After months, a solution to the conflict in Ukraine has not been found yet and the relations between the US, EU, Ukraine and the Russian Federation are still controversial: as a matter of fact, after the extension of sanctions (from September 2014 to 31st January 2015) Washington and Brussels joined their forces, with the purpose of stopping the “illegal actions in Ukraine”. Other six countries extended their sanctions as well. Federica

Mogherini, High representative of the Union for Foreign Affairs and Security Policy, has stated that other countries, such as Montenegro, Albania, Iceland, Norway, Liechtenstein and Ukraine, support the extension of sanctions and are going to conform to European Council's decisions. As a result, **Moscow has prolonged the embargo on agricultural products until August 2016**. A few weeks later, **EU decided to extend 2016 individual sanctions against Russian and Ukrainian natural and juridical persons**, who are considered responsible for the crisis of territorial integrity and sovereignty, **until march 2016**. Russian Minister of Foreign Affairs declared that the decision to prolong the sanctions against Russian organisations and citizens stems from **the point of view of a Russophobic minority of EU**.

The effects of sanctions against Russia

Embargo on agricultural products, limitations and measures introduced by EU have had serious and considerable consequences on Russian, European and international economies. Germany is the European country which has been affected by the greatest effects of limitations on export: the most significant losses concern the export of automotive industry. German newspaper Die Presse highlighted the effects of sanctions against Russia on tourist industry: **the loss in the flow of Russian tourists in Europe is undeniable**, not only because of the sensations of Russian citizens of being unaccepted guests in Europe, but also because of ruble devaluation (16). Additionally, negative effects are evident in agricultural and technological industry, due to **limits on international export**.

As far as Italy is concerned, according to declarations by Lisa Ferrarini, Confindustria's Vice President for Europe, in 2015 **Italy lost about 3 billion euros as a consequence of a significant decrease in export**, because of a "war of sanctions" between Russia and Europe. After the first year of sanctions, Italy lost 300 million euros. In case embargo will be prolonged, by 2015 the loss of 3 billion euros of export is expected.

In Russia, in 2014 sanctions and embargo implicated **inflation and a relevant devaluation of ruble**. From the first months of 2015 until the end of the year, prices of agricultural products raised by 9.4% and the inflation reached 11.9%.

Nevertheless, there are **positive aspects**: according to RosStat, the costs of some products of fruit and vegetable market (potatoes, carrots, onions, cabbages) raised by 3%. The Russian economist Sergej Gurev considers sanctions as "**an actual damage for national economy**". From the beginning of the conflict in Ukraine until today, the data provided by RosStat confirm the negative previsions of several experts and economists: limitations on

export caused a **relevant economic decline and a considerable weakening of national currency**, which reached a very small value between August and October 2014. Just after the introduction of new restrictive measures, the ruble reached the smallest value in its history: 37.51 rubles are equal to one US dollar and 48.41 rubles correspond to Euro. **Energy companies** (Gazprom, Roz-neft', LUKOIL, etc.), **airlines** (among which Dobrolet) **and national banks were also affected** by international sanctions and limitations.

Despite the above-mentioned negative aspects, in Russia **positive opinions and positions about embargo** and sanctions become more and more frequent: in spite of the limitations on import of products from Europe, several Russian specialists maintain that **the deficit of products will not be possible and Russian businessmen and producers will solve the problem of import**, if the government supports them. Sberbank KIB's experts strongly believe that "measures to intensify national production are essential". As a matter of fact, the President **Putin** and the Prime Minister **Medvedev** **guarantee that "all necessary measures will be adopted to limit speculations"**. Some specialists maintain that the **embargo will contribute to the growth of agricultural industry**, along with agreements and **collaboration with other countries**. The Minister Nikolaj Fedorov asserts that the embargo will help Russian producers become more competitive. Positive effects of limitations on import will be evident on fishing and agricultural industry. Nevertheless, as Sergej Jušin – supervisor of the Committee of National Association of meat producers – states, "it will not depend only on the support that the Russian government will give to national production and producers, but on the capability and speed of government to find other methods to improve the import as well".

Despite these positive sides, it is undeniable that in Russia it is very difficult to guarantee the replacement of forbidden products with the national ones: as a consequence, **prices have risen**. The Minister of Economic Development, Aleksej Uljukaev, even though he admits that "sanctions have a significant influence on Russian economy, market and the value of ruble", assures that "there will be **long-term positive effects, thanks to the support of national production and the change in the market of import.**" Moreover, in order to react to the measures imposed by EU and US, Russia has **intensified the relations with Southern American countries**, like **Chile, Brazil and Peru**, and other countries, such as **Turkey, China, India and Serbia**, since they **have not adopted EU restrictive measures** and are ready to trade with Russia. As a matter of fact, President Putin and the President of **People's Republic of China** signed several agreements to improve the collaboration between China and Russia and the Eurasian Economic Union (EEU), with the purpose of creating a **single Eurasian market**; furthermore, some pacts among Gazprom and PetroChina were signed, to regulate gas supply from Russia to China.

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