

Assessing the Impact of Western Sanctions on Russia: Economic Consequences

Karamat Ismayilov

Center for Economic and Social Development (CESD)

Caspian Plaza, 3rd Block, 14th floor

J.Jabbarli str. 44,

Baku, Azerbaijan

Phone: (99412) 5943665

Fax: (99412) 5943665

Email: info@cesd.az

URL: www.cesd.az

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TABLE OF CONTENTS

1. INTRODUCTION
2. LITERATURE REVIEW
3. SANCTIONS AGAINST RUSSIA
4. ECONOMIC CONSEQUENCES OF SANCTIONS
5. CONCLUSION
6. LIST OF REFERENCES

Abstract

This article analyzes the theoretical foundations and historical experience of economic sanctions, as well as the consequences of the sanctions imposed on Russia between 2022 and 2026. The classical literature (Daoudi & Dajani, Hufbauer et al., Caruso) demonstrates that sanctions have a negative impact on trade and economic activity, while their effectiveness in changing political behavior remains limited. Historical examples confirm the development of adaptation mechanisms.

The sanctions imposed on Russia have resulted in declining energy revenues, increasingly stringent technological restrictions, and greater reliance of the budget on domestic taxation. However, they have not led to the paralysis of the economy. The prioritization of defense spending, parallel imports, and relationships with alternative markets have enabled economic adaptation.

In conclusion, although sanctions have systematically weakened the Russian economy and reduced its long-term growth potential and fiscal flexibility, they have not caused a “rapid collapse.” Their primary impact has been structural.

Keywords: economic sanctions, Russia, sanctions effectiveness, price caps, domestic taxation, adaptation mechanisms, shadow fleet, technological restrictions.

1. INTRODUCTION

A sanction is a unilateral or collective action taken against a state that violates international law, with the aim of compelling that country to comply with the law¹.

The term “**embargo**” refers to the imposition of restrictions through sanctions, including prohibiting the import of goods and services, currency, and other valuables into one’s own country or prohibiting the export of goods and services, currency, and other valuables to another country. An embargo may be used to impose restrictions and compel changes in a state’s policies and business practices².

The term “**boycott**” refers to a form of political and economic struggle involving the complete or partial suspension of relations with individual countries. An example of a boycott is refusing to purchase goods from a particular country³.

Sanctions are imposed for various purposes. The objectives of economic sanctions often include:

- a) an attempt to change a regime or bring about regime change in strategically important countries (**strategic sanctions**);
- b) an attempt to change a country’s political behavior, whether in the area of domestic and/or foreign policy (**tactical sanctions**)⁴.

A study conducted by R. Garfield, D. Devin, and D. Fasi [13] identified four types of economic sanctions:

- 1. **financial sanctions**;
- 2. **restrictions on exports from a country**;
- 3. **restrictions on imports into a country**;
- 4. **a combination of the first three types**.

However, similar to previous editions of the GSDB, the fourth edition identifies **six types of sanctions** (trade sanctions, financial sanctions, travel sanctions, arms sanctions, military assistance sanctions, and other sanctions) and **nine political objectives** (policy change, destabilization of the regime, termination of territorial conflicts, prevention of war, termination of war, combating terrorism, addressing human rights violations, restoration of democracy, and other objectives)⁵.

The sanctions imposed on Russia since 2014 are neither new nor unusual for the country. Throughout its history, Russia has faced numerous sanctions. From a chronological perspective, these sanctions can be divided into several stages:

1) 1917–1920. Immediately after the October Revolution in 1917, Russia was subjected to a naval blockade and trade sanctions by the Entente countries in response to its refusal to repay the debt of the Russian Empire and the nationalization of enterprises owned by foreign capital. This process was lifted in 1920 after the RSFSR gained the upper hand in the Civil War. Thus, while the foreign trade turnover of the Tsarist Empire

¹Daoudi M.S., Dajani M.S. Economic Sanctions, ideals and experience. London, Boston: Routledge & Kegan Paul, 1983. 263 p

²Caruso R. The impact of international Economic sanction on Trade. An empirical analysis.
<http://econwpa.repec.org/eps/it/papers/0306/0306001.pdf>.

³Hufbauer G.C., Schott J.J., Elliott K.A., Oegg B. Economic Sanctions Reconsidered // Peterson Institute for International Economics, 2007. 233 p

⁴Hadinejad M., Mohammadi T., Shearkhani S. Examine the sanction’s Efficiency on Iran’s non-oil Trade (Gravity Model). URL: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1661723.

⁵https://cepr.org/voxeu/columns/effectiveness-sanctions-russia-new-data-and-new-evidence#footnote__9PcrSyVTHuh9IbaGc-QpG3qcjFhSLhg8li9QmHO8a-g_2

amounted to 12.6 billion rubles in 1913, this figure had fallen to 14.4 million rubles by 1919⁶. As a result, the foreign trade turnover of the RSFSR fell to virtually zero. This can also be explained primarily by the widespread destruction of the country's entire national economic system during the Civil War.

2) 1925–1934. This period coincided with the era of the “**Gold Blockade**” following the Civil War. It was imposed by European countries and the United States in response to the RSFSR's decision to monopolize foreign trade. Beginning in 1925, these countries stopped accepting gold from the Soviet Union as payment for imported equipment and technology and demanded payment from the Soviet government in the form of oil, grain, and timber.

In 1930, foreign trade partners began accepting only grain as a form of “currency.” By 1934, the Soviet Union was unable to make payments in gold. During the 1930s, the governments of the United States and European countries began imposing a “**credit blockade**” on the USSR, which involved either unfavorable lending conditions or a refusal to provide credit. This process continued after the Second World War and lasted until the 1960s.

In the 1930s, the U.S. government also imposed sanctions against “**Soviet dumping.**” The U.S. government accused the USSR of deliberately lowering the prices of certain goods and using prison labor in production. As a result, special duties and restrictions were imposed on goods exported from the USSR, including matches, asbestos, manganese, and timber.

During this period, in order to mitigate the effects of the trade blockade and promote import substitution, **anti-import commissions** were established at enterprises in the USSR during the First Five-Year Plan (1928–1932)⁷.

3) Post-World War II Period. In the years following the Second World War, the United States adopted the **Export Control Act**, which restricted the export of weapons and equipment. In 1949, the United States, the United Kingdom, Canada, France, West Germany, Australia, Japan, and other countries joined together to establish the **Coordinating Committee for Multilateral Export Controls (COCOM)**, which developed lists of “strategic” goods and technologies whose export to countries of the socialist bloc was prohibited for decades⁸.

Trade sanctions against the USSR and its allies also created difficulties for Western businesses. Thus, the share of the USSR's foreign trade with capitalist countries was 40%, or 4.4 billion rubles, in 1948, while in 1951 this figure had declined to 17%, or 3.2 billion rubles⁹. In 1952, an **International Economic Conference** was held in Moscow, bringing together business representatives, trade union members, scholars, and journalists from several dozen capitalist countries to jointly explore opportunities for developing economic relations and promoting peaceful cooperation between countries with different political systems.

⁶ Внешняя торговля СССР за 20 лет 1918-1937 гг. (Статистический сборник) // URL: <http://istmat.info/node/22114>

⁷ Ильюхов А.А., Вынужденная автаркия: исторический опыт // «Актуальные проблемы экономики и права». 2015. № 1 с. 28

⁸ <https://www.govinfo.gov/content/pkg/GPO-CRPT-105hrpt851/html/ch9bod.html#anchor5563742>

⁹ Сорокин А. Послевоенные санкции против СССР: Взгляд с запада // Родина №8, 2015, С. 123

4) In 1974, the US Congress adopted an amendment to the US Trade Act mandating trade sanctions against states that restricted the right of Jews to emigrate freely. This discriminatory measure entailed the revocation of "most-favored-nation" trade status and imposed restrictions on government loans and loan guarantees. Subsequently, in January 1980, US President Jimmy Carter imposed a grain embargo on the Soviet Union in response to the USSR's intervention in Afghanistan. "1979 was a disastrous harvest year for the USSR; grain production fell by 21% due to drought. To prevent the decimation of their livestock herds, the Soviets had planned to import a record 35 million tons of grain, with the US set to supply approximately 25 million tons of that amount."¹⁰ Furthermore, the Reagan administration attempted to obstruct the Urengoy-Pomary-Uzhhorod gas pipeline project by pressuring the European banks and companies involved in its construction¹¹. This occurred primarily because European countries—specifically France and West Germany—upheld their agreements with the Soviet Union, allowing the project to be successfully completed in 1982. Withdrawing from cooperation on such a large-scale project would have meant significant financial losses for European companies and the loss of a major customer for the oil and gas sector equipment and technology supplied to the USSR¹². Even after the collapse of the USSR, Western nations repeatedly threatened the Russian Federation with various economic restrictions; notably, during the 1998 economic crisis, the West seriously considered seizing Central Bank accounts to ensure the repayment of Russia's foreign debt. Furthermore, assets from the National Wealth Fund and the Reserve Fund were invested in securities across several EU countries, as well as in Canada and the United States.

2. LITERATURE REVIEW

In the classical literature, sanctions are regarded both as an instrument of political pressure and as a mechanism of economic restriction. Daoudi and Dajani (1983) analyze the ideological and practical dimensions of sanctions and demonstrate that their effectiveness depends on the economic structure of the target country and the level of international support it receives. Hufbauer, Schott, Elliott, and Oegg (2007), based on an extensive empirical database, emphasize that the success rate of sanctions is moderate and that they often fail to fully achieve their intended objectives.

Caruso's empirical research on trade confirms that sanctions significantly reduce bilateral trade flows. The Gravity Model analysis by Hadinejad et al. focusing on Iran demonstrates that sanctions have a negative but uneven impact on non-oil trade. Data from the Centre for Economic Policy Research (CEPR) for 2024–2025 also indicate the heterogeneous effects of sanctions against Russia, with varying outcomes across sectors and regions.

Historical sources suggest that the long-term effects of sanctions may be limited. Measures imposed against the USSR (trade statistics for 1918–1937, Ilyukhov's analysis of autarky, and the works of Sorokin and others) demonstrate that economic isolation can cause significant short-term damage, but that adaptation

¹⁰ <https://www.dtnpf.com/agriculture/web/ag/blogs/minding-ags-business/blog-post/2014/03/21/russian-grain-embargo-retrospect>

¹¹ Архипова, В. В., & Комолов, О. О. (2024). Развитие международных санкционных режимов: исторический аспект. Российский внешнеэкономический вестник, (3), 53–69. S.57 <https://journal.vavt.ru/rfej/article/view/2163>

¹² Ibid., p. 57.

mechanisms eventually emerge. The U.S. grain embargo and other measures implemented during the Cold War produced similar outcomes, as the target country shifted toward alternative markets and domestic production.

The study by Arkhipova and Komolov (2024) traces the historical evolution of international sanctions regimes and notes that modern sanctions have become more complex, multilayered, and increasingly characterized by secondary effects.

The sanctions packages imposed since 2022 (including those implemented by the EU, the United States, OFAC, and documented in GAO reports) are considered among the most extensive in history in terms of their scope. The sources indicate that:

- **Energy Sector:** Oil and gas revenues declined significantly after reaching their peak in 2022 (based on data from CREA, KSE, Oxford Energy, and Energy & Clean Air). The price cap, the shadow fleet, and infrastructure disruptions reduced revenues by approximately 25–27%. However, export volumes have been partially maintained.
- **Trade and Technology:** The withdrawal of Western companies (Microsoft, Google, etc.) and export controls have increased Russia’s technological dependence. Parallel imports and supplies through China have served as adaptation mechanisms.
- **Macroeconomic and Fiscal Impact:** A short-term decline in GDP was recorded in 2022, followed by stabilization. The share of oil and gas revenues in the budget declined sharply, while dependence on domestic taxes, particularly VAT and corporate income tax, increased. The GAO (2025) report notes the lack of clear objectives for measuring the effectiveness of sanctions.
- **Adaptation:** Ribakova and other analysts emphasize that Russia’s “new economy” model has the potential to prolong the war. At the same time, fiscal pressures, declining reserves, and a deteriorating investment environment create long-term risks.

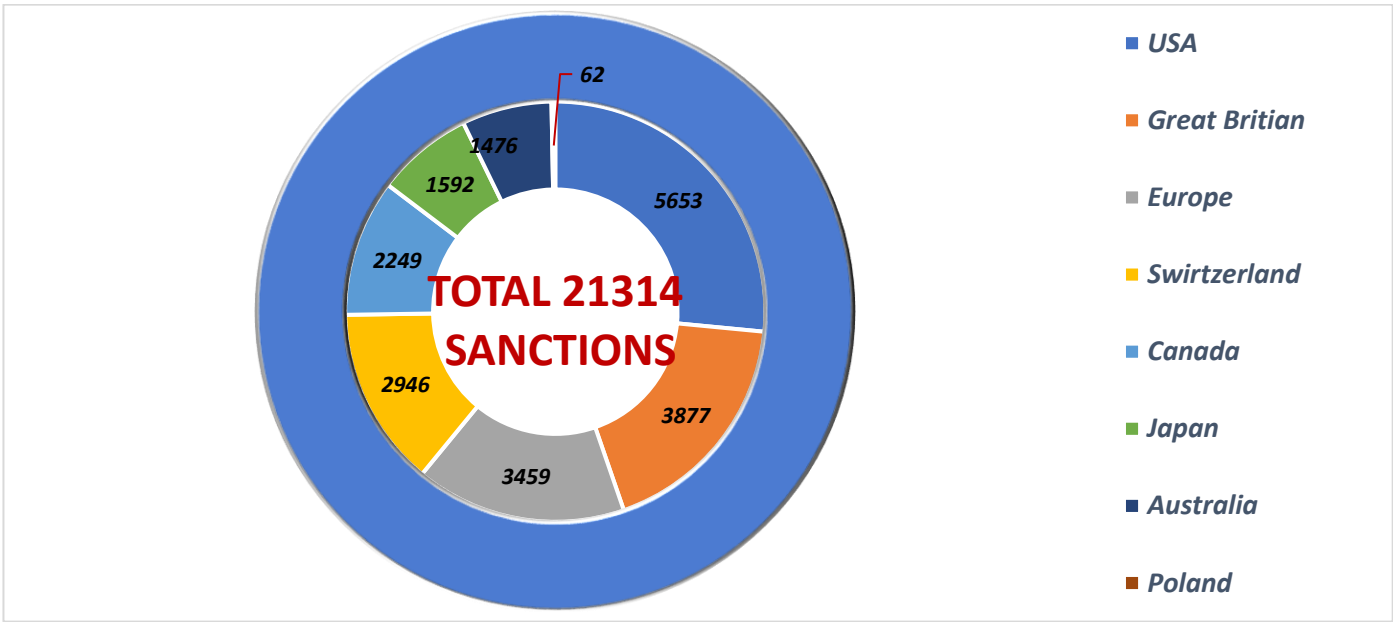
3. SANCTIONS AGAINST RUSSIA

Since March 2014, the European Union (EU) has imposed restrictive measures (sanctions) targeting specific sectors of the Russian economy in response to the illegal annexation of Crimea and Sevastopol and Russia’s deliberate destabilization of Ukraine.

Following Russia’s military aggression against Ukraine in February 2022, these restrictive measures were significantly expanded with the aim of weakening Russia’s economic base, depriving it of access to critical technologies and markets, and substantially limiting its ability to wage war. The initial packages adopted by the EU included measures such as banning the export of dual-use and defense-related goods, blocking public financing for trade or investment with Russia, restricting exports related to oil refining, imposing restrictions on the aviation sector, and prohibiting various financial interactions and transactions with Russia.

Russia’s military intervention in Ukraine in 2022 was met with a wide range of sanctions and embargoes imposed by the United States, the EU, the United Kingdom, and other countries. By mid-2026, the sanctions imposed by numerous countries had gradually expanded to cover key sectors, including finance, energy, industry, and logistics. In early 2026, the United States, the United Kingdom, and the European Union introduced new large-scale restrictions, including sanctions against major energy companies, vessels of the shadow fleet, and insurance companies, as well as bans on oilfield services. Published estimates indicate that the measures introduced in the short term have contributed to a moderate slowdown in Russia’s GDP growth. As of August 28, 2026, a total of **21,314 sanctions** had been imposed by the United States, the United Kingdom, the EU, Switzerland, Canada, Japan, Australia, and Poland on Russian legal entities and individuals (Figure 1).

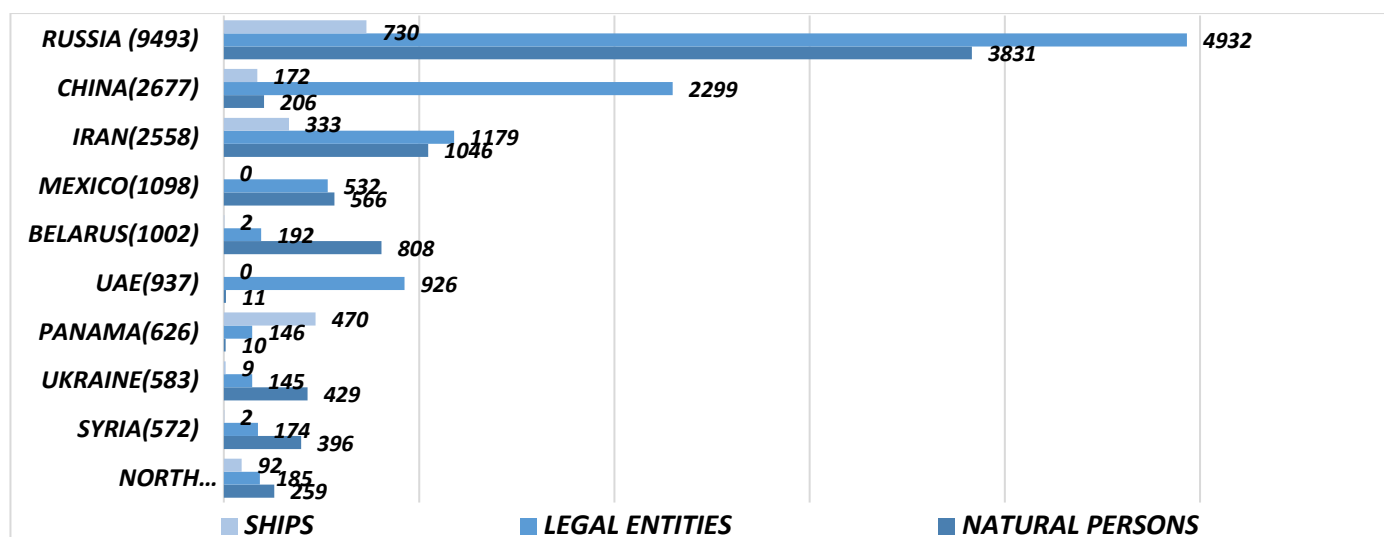
Figure 1. Sanctions Imposed on Russian Legal Entities and Individuals by Initiating Countries



Source: <https://x-compliance.ru/statistics> 21.02.2022 - 28.08.2026

The sanctions imposed by these countries target not only Russian individuals and legal entities but also the subsidiaries and business partners of Russian companies (Figure 2).

Figure 2. Distribution of Sanctions by Country and Target



Source: <https://x-compliance.ru/statistics> 21.02.2022 - 28.08.2026

Overall, sanctions have been imposed on 1,445 legal entities and 16 individuals associated with vessels and aircraft in 90 countries that conduct business with Russia. Of these, 2,232 are vessels associated with the “shadow fleet,” while 646 are aircraft¹³.

The shadow fleet continues to operate despite the sanctions. However, Western pressure increased in 2025–2026: open registries have been subject to greater scrutiny, Russian vessels have increasingly been forced to operate under their own flags, and some vessels have already been directly detained or placed under sanctions. Thus, the sanctions imposed extend beyond Russia itself to include its trading partners, transforming sanctions from an instrument primarily aimed at restricting trade into a broader tool of economic and political influence, while also contributing to increased fragmentation among countries around the world.

3.1. EU SANCTIONS

Since 2022, the European Union (EU) has adopted 21 sanctions packages against Russia. The main areas targeted include energy, finance, the shadow fleet, dual-use goods, cryptocurrencies, and individuals. The initial sanctions caused short-term shocks, including a sharp depreciation of the ruble, withdrawals of household savings from banks, and an increase in banking-sector stress. However, Russia quickly adapted to these shocks by redirecting exports of oil and other commodities to China, India, Türkiye, the United Arab Emirates, and Brazil, establishing parallel import channels, and developing a shadow fleet, thereby mitigating the impact of the sanctions.

¹³ <https://x-compliance.ru/statistics>

The EU's main objective was for the sanctions to rapidly paralyze the Russian economy, cause the ruble to collapse, sharply reduce oil exports, trigger a budget crisis, and halt the financing of the war. Many Western analysts expected a scenario of a "rapid collapse," including an 11% decline in GDP and severe disruption to the Russian economy¹⁴. However, as a result of the sanctions, GDP declined by approximately 2%, while the partial effectiveness of the price cap forced Russia to sell its oil at lower prices. Nevertheless, the expansion of the shadow fleet reduced the effectiveness of the price cap and limited the decline in oil revenues. Thus, although a complete economic collapse did not occur, long-term isolation and damage began to emerge in the technological, economic, cultural, sports, and other sectors.

The sanctions adopted to date can be grouped as follows:

Table 1. Sanctions

Direction	Key Measures	Objective
Energy	Oil embargo, price cap (reduced from \$60 to \$47.6), bans on LNG imports, port and service restrictions on the shadow fleet, and restrictions on oil refineries.	Reducing the Russian budget's primary source of revenue
Maliyyə	Exclusion from SWIFT, freezing of Central Bank reserves, transaction bans on banks, and sanctions on third-country banks and cryptocurrency platforms.	Isolation from the international financial system
Shadow Fleet and Transport	Port entry bans for more than 670 tankers, restrictions on insurance and technical services, and bans on services for LNG tankers.	Increasing the cost of oil transportation and disrupting oil shipments
Technology and Industry	Export bans on dual-use goods, microelectronics, aviation equipment, and machinery.	Weakening the military-industrial complex and modernization
Individual and Political Sanctions	Asset freezes, visa bans, and media broadcasting bans imposed on hundreds of individuals and legal entities.	Putting pressure on the elite and limiting informational influence

The EU has imposed various sanctions on approximately 3,000 individuals and organizations in response to Russia's annexation of Ukrainian territories. Those targeted include the President of Russia, ministers, governors, local politicians, members of the State Duma, members of the National Security Council, senior officials, military personnel, as well as numerous businesspeople and propagandists¹⁵.

At the same time, the EU has adopted sanctions against Russian political parties, banks and financial institutions, media organizations, companies operating in the defense and drone-production sectors, as well as those involved in transportation and energy, aviation, shipbuilding and machinery, IT, telecommunications, and insurance. Sanctions have also been imposed on companies associated with Russia's shadow fleet and on **ALROSA**, the world's largest diamond mining company.

¹⁴ <https://www.telegraph.co.uk/technology/2022/03/04/microsoft-google-join-exodus-russia/>

¹⁵ <https://www.consilium.europa.eu/en/policies/sanctions-against-russia/>

Between 2022 and 2025, the EU prohibited several Russian and Belarusian banks from accessing **SWIFT** and the **System for Transfer of Financial Messages (SPFS)** developed by the Central Bank of Russia. Thus, although EU sanctions cover almost all major sectors, no restrictions have been imposed on agricultural and food trade. Given that, prior to Russia's invasion, approximately 90% of Ukraine's global agricultural exports passed through its Black Sea ports, and these ports were subsequently blocked, Russia bears responsibility for the disruption of global food security¹⁶.

Exemptions from restrictive measures are possible, including those related to the delivery of humanitarian aid. With the adoption of the third package of sanctions against Russia on February 28, 2022, the EU decided to immobilize approximately **€210 billion** in assets belonging to the Central Bank of Russia within the EU¹⁷.

In May 2024, the European Council adapted the legal framework to ensure that extraordinary revenues generated from the immobilization of the Central Bank of Russia's assets held in the EU could be used to support Ukraine.

The EU has imposed price restrictions on crude oil transported by sea from Russia, petroleum products, and oils obtained from bituminous minerals. These restrictions are as follows:

- **US\$47.6 per barrel for crude oil**
- **US\$45 per barrel for discounted petroleum products**
- **US\$100 per barrel for premium petroleum products**

According to the European Commission, since February 2022, the EU has banned the export of goods and technologies worth more than **€48 billion** to Russia, as well as imports from Russia worth **€91.2 billion**. This means that, compared with the export and import volumes in 2021, **54% of exports and 58% of imports are currently subject to an embargo**¹⁸.

3.2. U.S. SANCTIONS

In the United States, the general framework governing various aspects of sanctions is as follows: the foundational legislation concerning the imposition of restrictive measures against third parties dates back to 1917, while a separate presidential executive order is issued for each specific case.

The laws providing the legal basis for sanctions include the **Trading with the Enemy Act (TWEA, 1917)**¹⁹, the **National Emergencies Act (NEA, 1976)**²⁰, the **International Emergency Economic Powers Act**

¹⁶ <https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained>

¹⁷ <https://www.consilium.europa.eu/en/policies/sanctions-against-russia/#military-aggression>

¹⁸ <https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained/#frozen-assets>

¹⁹ <https://www.govinfo.gov/content/pkg/STATUTE-91/pdf/STATUTE-91-Pg1625.pdf>

²⁰ <https://www.govinfo.gov/content/pkg/STATUTE-90/pdf/STATUTE-90-Pg1255.pdf>

(IEEPA, 1977)²¹, the **Chemical and Biological Weapons Control and Warfare Elimination Act (CBWCWEA, 1991)**²², and the **Countering America's Adversaries Through Sanctions Act (CAATSA, 2017)**²³.

The following executive orders established sanctions against Russia. It should be noted that presidential executive orders represent one of the most flexible instruments of U.S. sanctions policy and are also used in relation to countries and entities in other cases subject to U.S. restrictions.

Executive Order 13660, issued on March 6, 2014, **Blocking Property of Certain Persons Contributing to the Situation in Ukraine**²⁴;

Executive Order 13661, issued on March 16, 2014, **Blocking Property of Additional Persons Contributing to the Situation in Ukraine**²⁵;

Executive Order 13662, issued on March 20, 2014, **Blocking Property of Additional Persons Contributing to the Situation in Ukraine**²⁶;

Executive Order 13685, issued by the President of the United States on December 19, 2014, **Blocking Property of Certain Persons and Prohibiting Certain Transactions With Respect to the Crimea Region of Ukraine**²⁷.

U.S. sanctions against Russia are primarily administered by the **Office of Foreign Assets Control (OFAC)** of the U.S. Department of the Treasury. The following **General Licenses** have been issued in relation to sanctions imposed on Russian individuals and entities:

1. **Sectoral Sanctions**
2. **Sanctions on Investment Activities in Crimea**

The United States is the country that has imposed the largest number of sanctions against Russia, with **5,563 sanctions as of August 28, 2026**²⁸. The objectives of these sanctions are to influence the Russian economy in order to bring an end to the war and to hold accountable those who support it and those responsible for human rights violations (Figure 3).

²¹ <https://www.govinfo.gov/content/pkg/STATUTE-91/pdf/STATUTE-91-Pg1625.pdf>

²² <https://www.congress.gov/bill/102nd-congress/house-bill/3409/text>

²³ <https://www.govinfo.gov/content/pkg/BILLS-115hr3364enr/html/BILLS-115hr3364enr.html>

²⁴ <https://www.govinfo.gov/app/details/CFR-2015-title3-vol1/CFR-2015-title3-vol1-eo13660>

²⁵ <https://ofac.treasury.gov/sanctions-programs-and-country-information>

²⁶ Ibid

²⁷ Ibid

²⁸ <https://x-compliance.ru/statistics>

Figure 3. Objectives of Sanctions Imposed by the U.S. Government



Source: GAO analysis of the Departments of the Treasury, State, and Commerce documents and interviews with agency officials; GAO, Burbuzin/stock.adobe.com, Esther_Design/stock.adobe.com, rohmads/stock.adobe.com, (icons). | GAO-25-107079

On October 22, 2025, the United States announced sanctions against Russia's two largest oil companies, **Rosneft** and **Lukoil**.

Rosneft is a vertically integrated energy company specializing in the exploration, extraction, production, refining, transportation, and sale of oil, natural gas, and petroleum products. Lukoil is engaged in the exploration, production, refining, marketing, and distribution of oil and gas in Russia and internationally. In addition, OFAC blocks, pursuant to **Executive Order 14024**, all entities that are directly or indirectly owned 50 percent or more by a number of Rosneft and Lukoil subsidiaries located in Russia and elsewhere in the world, even if such entities have not been specifically designated by OFAC.

The **Russian Elites, Proxies, and Oligarchs (REPO) Task Force**, a multilateral working group comprising representatives from the United States, Australia, Canada, Germany, France, Italy, Japan, the United Kingdom, and the European Commission, was established in March 2022 by the U.S. Department of the Treasury and the Department of Justice. Its objective is to impose sanctions on the assets of Russian oligarchs, track their assets worldwide, and restrict their access to the global financial system. According to a document issued by the REPO Task Force, it also investigates and combats attempts to evade Russian sanctions, including efforts to conceal or obscure assets. A press release published by the U.S. Department of the Treasury in March 2023 highlighted several achievements of the task force:

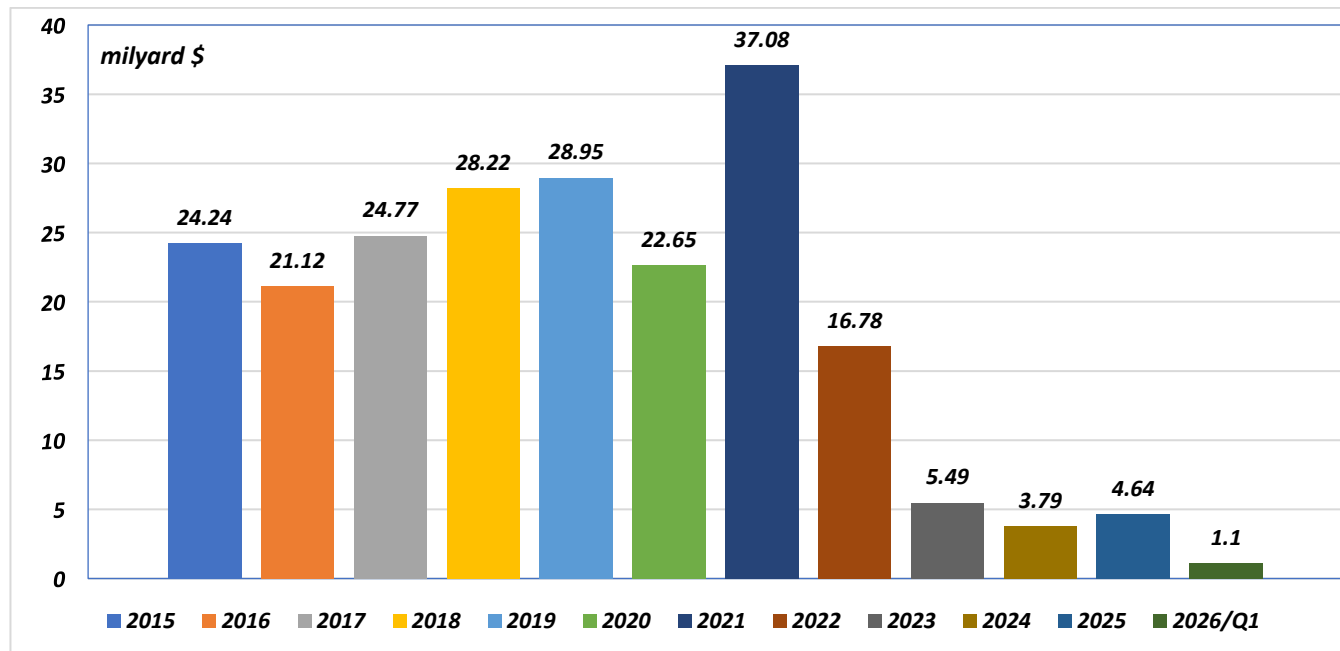
- blocked or froze more than **\$58 billion in assets** held in the financial accounts and economic resources of sanctioned Russians;
- seized or froze other luxury assets, such as luxury real estate and yachts, that were owned, held, or controlled by sanctioned Russians; and

- restricted sanctioned Russians’ access to the global financial system²⁹.

Thus, the **U.S. Department of Commerce** and the **U.S. Department of the Treasury** have imposed export controls on a wide range of goods being exported to Russia and have penalized entities that have assisted in circumventing these restrictions.

Although U.S.–Russia economic relations have declined sharply in recent years, certain trade ties continue to exist (Figure 4).

Figure 4. U.S.–Russia Trade Turnover, 2015–Q1 2026, USD Billion



Source: <https://www.tradeimex.in/blogs/us-russia-trade-relations-us-imports-from-russia-bilateral-trade-2025>

U.S. trade in goods and services (exports and imports) with Russia totaled approximately **\$5.9 billion in 2025**, representing a **14.4% increase in relative terms and an absolute increase of \$738.4 million** compared with 2024. U.S. trade in goods (exports and imports) with Russia amounted to approximately **\$4.4 billion in 2025**. U.S. goods exports to Russia totaled **\$582.7 million in 2025**, an increase of **10.3%, or \$54.4 million**, compared with 2024. U.S. goods imports from Russia totaled **\$3.8 billion in 2025**, representing an increase of **25.6%, or \$769.0 million**, compared with 2024. The U.S. trade deficit in goods with Russia amounted to **\$3.2 billion in 2025**, an increase of **28.8%, or \$714.7 million**, compared with 2024.

U.S. trade in services (exports and imports) with Russia totaled approximately **\$1.5 billion in 2025**. U.S. services exports to Russia amounted to **\$1.2 billion in 2025**, a decrease of **3.2%, or \$39.0 million**, compared with 2024. U.S. services imports from Russia amounted to **\$321.0 million in 2025**, representing a decrease

²⁹ Russia sanctions and export controls. U.S. Agencies Should Establish Targets to Better Assess Effectiveness Report to Congressional Committees September 2025 GAO-25-107079 United States Government Accountability Office <https://www.gao.gov/products/gao-25-107079>

of **12.5%**, or **\$46.0 million**, compared with 2024. The U.S. trade surplus in services with Russia amounted to **\$851 million** in 2025, an increase of **0.7%**, or **\$6.0 million**, compared with 2024³⁰.

Figure 5. Top 10 Goods Imported by the United States from Russia



Source: <https://www.tradeimex.in/blogs/us-russia-trade-relations-us-imports-from-russia-bilateral-trade-2025>

The United States imports a diverse range of goods from Russia (Figure 5). In 2025, the United States imported **fertilizers (HS Code 31)** from Russia with an import value of **\$1.79 billion**, **inorganic chemicals (HS Code 28)** valued at **\$1.11 billion**, **precious stones and metals (HS Code 71)** valued at **\$733.13 million**, **wood and articles of wood (HS Code 44)** valued at **\$91.93 million**, as well as other goods.

Due to limited alternative sources of supply, the United States has temporarily exempted certain goods from sanctions for domestic consumption. This primarily applies to **uranium for nuclear reactors** and goods essential for supporting agriculture, particularly the production of **nitrogen-based fertilizers**.

4. ECONOMIC CONSEQUENCES OF SANCTIONS

When sanctions were first imposed, the ruble lost **50% of its value against the U.S. dollar**, or depreciated by 40 rubles. In the second quarter of that year, consumer prices increased by **10% on a monthly basis**, while GDP declined by **4%**³¹. By the end of the year, GDP amounted to **153,435.2 billion rubles**, which was **2.1% lower** than in 2021³². Prices of **non-food products increased by 12.7%**, while prices of **services increased by 13.2%**, at a faster rate³³.

The Russian government's **anti-sanctions measures**, the continuation of the war, and high military expenditures not only strengthened the ruble but also stabilized the economy and contributed to economic

³⁰ <https://ustr.gov/countries-regions/europe-middle-east/russia-and-eurasia/russia>

³¹ ВВП России во втором квартале 2022 года снизился на 4% // Российская газета. 12 августа 2022. <https://rg.ru>.

³² https://journals.omgtu.ru/index.php/onv_ois/article/view/1387/1319

³³ Ibid

growth. Despite the downward forecasts made by the **IMF, World Bank, and other organizations** for 2023–2025, the Russian economy proved more resilient than expected and continued to grow (Table 2).

Table 2. Indices of the Physical Volume of Gross Domestic Product (percentage relative to the previous year)

2020	2021	2022	2023	2024	2025
97,3	105,9	98,6	104,1	104,9	101,0

Source: **RF MB**

The stabilization observed in the Russian economy following the shocks of 2022 is reflected in **Table 2**.

“Most economists acknowledge that the Russian economy has stabilized, and the situation has been stabilized with the help of war-related fiscal stimulus amounting to approximately 10% of GDP”³⁴. However, the **U.S. Government Accountability Office (GAO)**, in its report **GAO-25-107079**, published on September 8, 2025, did not find that economic growth in 2023 and 2024 was statistically different from expectations³⁵. The same GAO report also notes that “sanctions have affected the Russian economy but have not caused a major economic crisis”³⁶.

GDP growth does not necessarily indicate an improvement in people’s living standards. Although increased military spending can contribute to GDP growth, it does not necessarily ensure the efficient allocation of resources or a higher standard of living for the population.

Table 3. Merchandise Trade of the Russian Federation (Balance of Payments Methodology), USD million

Years	Export (FOB)	Import (FOB)	Balance
2021	494 161	301 047	193 114
2022	592 077	276 510	315 567
2023	424 748	303 086	121 662
2024	433 634	301 548	132 086
2025	419 524	306 354	113 170

Source: **RF MB**

As shown in **Table 3**, Russia’s exports decreased by **29% in 2025** compared with 2022, while imports increased by approximately **11%**. During the same period, the foreign trade balance decreased by **2.8 times**. In 2023, compared with 2022, exports declined by **28.3%**, while imports increased by **9.6%**. During this period, the foreign trade balance decreased by **\$193.9 billion in absolute terms**, or **2.6 times in relative terms**.

³⁴ Ribakova, Elina "Russia's New Economy May End Up Prolonging Its War." *Financial Times*, May. <https://www.ft.com/content/3fd6b61b-f9f4-47dc-9369-27909868a0b6>

³⁵ <https://www.gao.gov/products/gao-25-107079>

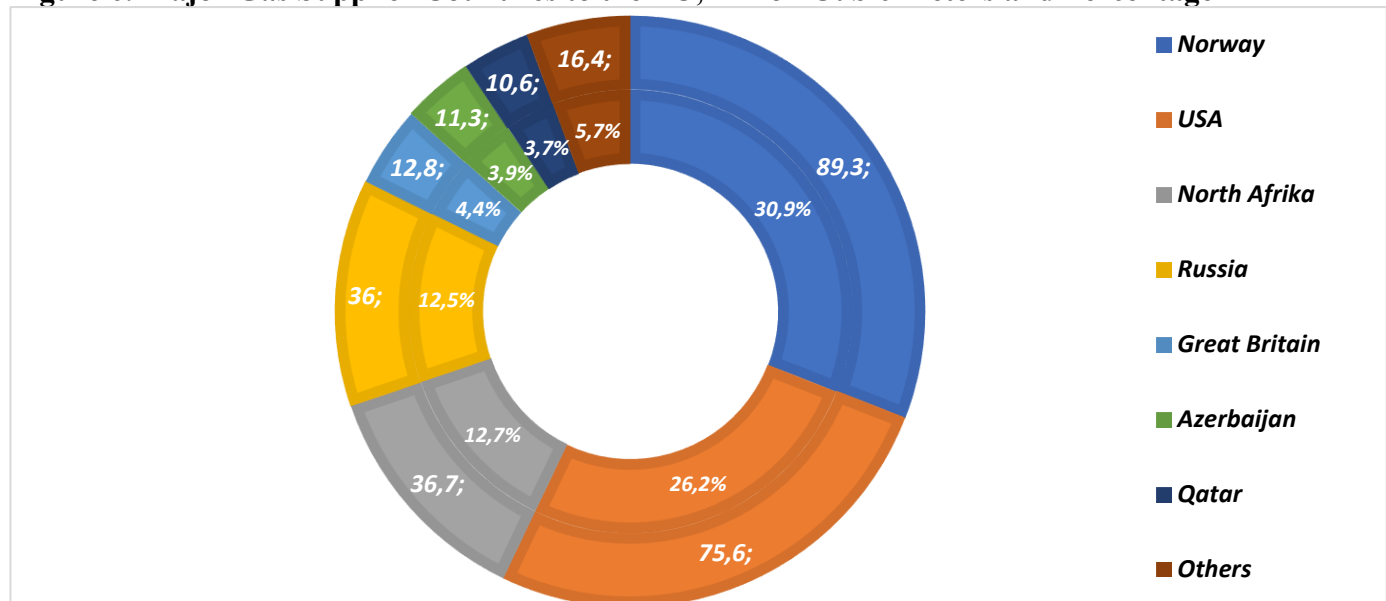
³⁶ Ibid

Prior to the imposition of sanctions, in 2019, EU imports of Russian oil and gas were worth approximately **€200 billion each**, which was twice the foreign exchange reserves of the G7 countries at the end of 2021³⁷. The sanctions imposed on Russia's energy sector have caused substantial damage to Russia, particularly through **lost export revenues resulting from the deeper discount on Russian oil** and the actual expenditures incurred to acquire and maintain the **shadow fleet**. In April and May of this year, since Western sanctions disrupted global oil flows, supplies of **Urals crude oil** to India and China, the two largest buyers of this grade, were sold at a **\$7–8 premium relative to Brent crude oil**³⁸. According to a report by the **KSE (Kyiv School of Economics)**, “Russia earned **\$78.5 billion less from oil exports** than it would have without sanctions during the period from December 2022 to June 2024, following the implementation of the G7 and EU embargo and price restrictions.”

However, these losses have declined significantly since reaching their peak immediately after the EU embargo and price restrictions came into effect. In January 2023, the substantially larger discount resulted in **\$8.6 billion in losses** from Russia's oil exports. Since mid-2023, this figure has declined to an average of **\$2.8 billion per month**. The total losses from Russian oil exports, attributable to the war and sanctions, are estimated at **\$128 billion between March 2022 and June 2024**³⁹.

Russia's fuel exports are highly concentrated among a small number of major customers. **China** is the largest buyer of coal and oil, **Türkiye** is the largest buyer of petroleum products, while the **EU** is the largest buyer of liquefied natural gas (LNG) and pipeline gas. This demonstrates Moscow's dependence on a limited group of major customers⁴⁰.

Figure 6. Major Gas Supplier Countries to the EU, Billion Cubic Meters and Percentage



Source: European Commission calculation based on LSEG (Refinitiv) and ENTSO-G

Russia's share of the EU's pipeline gas imports declined from approximately **40% in 2021 to around 6% in 2025**. When pipeline gas and liquefied natural gas (LNG) imports are considered together, Russia's share accounted for approximately **12% of the EU's total gas imports in 2025**⁴¹. On January 26, 2026, the

³⁷ Pisani-Ferry, 2022. <https://www.bruegel.org/blog-post/economic-policy-consequences-war>

³⁸ <https://www.themoscowtimes.com/2026/06/09/russian-urals-oil-returns-to-discount-as-asian-refiners-cut-purchases-reuters-a92965>

³⁹ <https://sanctions.kse.ua/wp-content/uploads/2024/08/Energy-Sanctions-Impact-Summary-July-2024.pdf>

⁴⁰ <https://energyandcleanair.org/july-2026-monthly-analysis-of-russian-fossil-fuel-exports-and-sanctions/>

⁴¹ <https://www.consilium.europa.eu/en/infographics/where-does-the-eu-s-gas-come-from/#0>

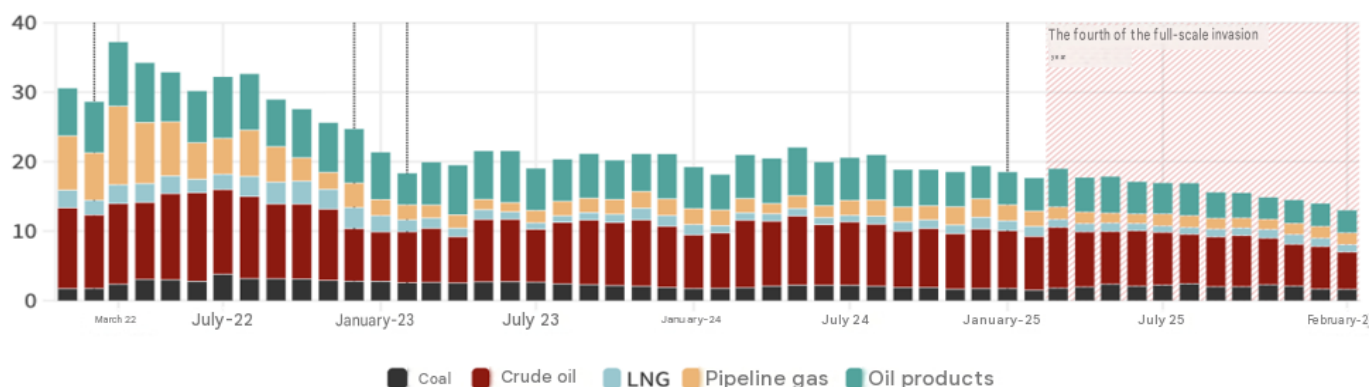
European Council banned imports of both liquefied natural gas and pipeline gas from Russia. All Russian gas imports will be prohibited by the end of 2027⁴².

The share of Russian gas, oil, and coal in the EU's energy imports declined significantly between **2021 and 2025**. Russia's share of gas imports fell from **45% to 13%**, oil imports from **27% to below 3%**, and coal imports from **50% to 0%**⁴³.

Russia's revenues from fossil fuel exports declined by **19% compared with 2026** and are currently **27% below pre-invasion levels**. During the fourth year of the invasion, Russia's revenues from fossil fuel exports amounted to **€193 billion**, while EU imports amounted to **€14.5 billion**, representing a significant **36% decrease compared with the previous year** (Figure 7)⁴⁴.

Figure 7. Russia's Revenues from Fossil Fuels

Billion euros | January 2022 - February 2026



Source: CREA analysis

Note: The dashed lines indicate the beginning of Russia's full-scale invasion of Ukraine, the introduction of the oil price cap, the implementation of price caps on refined petroleum products, and the end of the transit of Russian gas through Ukraine. <https://energyandcleanair.org/publication/fourth-year-of-full-scale-invasion-russian-fossil-fuel-revenues-tank-to-27-below-pre-invasion-levels/>

Russia's **crude oil revenues** declined significantly by **18% year-on-year**, or **€85.5 billion**, while production volumes decreased by a less significant **6%**, or **215 million tonnes**. Export volumes remained **6% above pre-crisis levels**, indicating that although G7+ sanctions targeting the "shadow fleet" have forced countries to lower the prices at which they sell Russian oil, they have been unable to significantly restrict supply. During this period, the three largest buyers—**China, India, and Türkiye**—accounted for **93% of Russia's crude oil exports**, purchasing a total of **201 million tonnes of oil worth €79.7 billion**⁴⁵.

This is partly attributable to the fact that **Ukrainian drone attacks have caused significant damage to Russia's oil refining industry**. According to information provided by the General Staff of the Armed Forces of Ukraine as of early July, the attacks had disrupted **42.74% of Russia's oil refining capacity**⁴⁶. According to Al Jazeera, eight oil refineries have been damaged over the past month, while more than 60 storage tanks have been destroyed or damaged. The cumulative losses incurred by the industry since August

⁴² Ibid

⁴³ Ibid

⁴⁴ <https://energyandcleanair.org/publication/fourth-year-of-full-scale-invasion-russian-fossil-fuel-revenues-tank-to-27-below-pre-invasion-levels/>

⁴⁵ <https://energyandcleanair.org/publication/fourth-year-of-full-scale-invasion-russian-fossil-fuel-revenues-tank-to-27-below-pre-invasion-levels/>

⁴⁶ <https://www.aljazeera.com/news/2026/7/4/ukraine-hits-oil-and-military-facilities-near-russias-st-petersburg>

2025 are estimated at **\$13.5 billion**. Independent energy analysts estimate that operational disruptions have affected approximately **one-third of Russia's refining capacity**⁴⁷.

Ukraine's drone attacks have forced the Russian government to revise its oil production forecast through **2029**. The forecasts, expected to be finalized at the end of September and used in budget planning, have reduced projected oil production for **2026–2029 by 16–20 million tonnes** compared with the previous forecast published in May⁴⁸.

Ukraine's primary objective is not only to destroy oil refineries or storage tanks, but also to **keep refineries out of operation for longer periods and make each strike increasingly costly for Moscow**⁴⁹.

The main targets are **catalytic cracking units and crude oil processing facilities**. These units convert crude oil into gasoline, diesel, and aviation fuel. Such high-technology components are primarily imported from Western countries, which makes it difficult to repair and restore oil refineries and can keep them out of operation for extended periods.

Refinery throughput fluctuated between **4.4 and 5.2 million barrels per day (mb/d)** over the past three years. However, over the last three months, it decreased by approximately **0.9 mb/d**, falling from **4.6 mb/d in March to 3.7 mb/d in June**, the lowest level in 21 years⁵⁰. Overall, in 2026, Ukrainian drones attacked **22 Russian oil refineries** out of the country's 34 refineries. These facilities have a combined capacity of **4.75 million barrels per day (mb/d)**, equivalent to **76% of Russia's total oil refining capacity**⁵¹.

According to a report by the **International Energy Agency (IEA)**, Russia's exports of oil and petroleum products decreased by **630,000 barrels per day** in July of the current year compared with June, reaching **6.97 million barrels per day**. In July, the country's revenues from oil exports decreased by approximately **\$2 billion** compared with the previous month.

In July, Russia's crude oil exports decreased by **200,000 barrels per day** compared with the previous month, reaching **5.6 million barrels per day**, while petroleum product exports declined by **430,000 barrels per day to 1.4 million barrels per day**. Revenues from crude oil exports in July decreased by **\$1.11 billion** compared with June, reaching **\$11.11 billion**, while revenues from petroleum product exports declined by **\$860 million to \$2.64 billion**. Oil and natural gas revenues decreased by **16.8%** in January–July of this year compared with the same period in 2025, falling to **4.6 trillion rubles (approximately \$55.1 billion)**⁵².

Russia's **oil and gas taxation system** is two-tiered. All companies pay a **mineral extraction tax (MET)** on all resources they extract, as well as an **additional profits tax (APT)** introduced in 2019. In 2025, total revenues decreased by **24%**, reaching **8.5 trillion rubles**, mainly due to lower mineral extraction tax revenues from oil amid lower global prices and additional discounts on Russian crude oil. In 2025, the additional profits tax amounted to approximately **1.6 trillion rubles**, representing a decline of approximately **20%** compared with 2024⁵³.

⁴⁷ Ibid

⁴⁸ <https://www.reuters.com/business/energy/russias-novak-says-fuel-supply-situation-stabilises-agencies-report-2026-09-03/>

⁴⁹ <https://www.ft.com/content/5ca782bd-5c4a-45f8-9a7a-5793d800321d?syn-25a6b1a6=1>

⁵⁰ <https://www.oxfordenergy.org/publications/the-domestic-and-global-impact-of-ukraines-attacks-on-russian-oil-infrastructure/>

⁵¹ Ibid

⁵² <https://special.azertag.az/az/xeber/4366001>

⁵³ <https://theins.ru/ekonomika/294460#1>

CONCLUSION

Sanctions have contributed to a certain weakening of the Russian economy, but they have not paralyzed it. The key conclusion is that the success of sanctions should be measured not only by the economic damage they cause but also by their ability to change the political behavior of the target country. The experience of 2022–2026 demonstrates that such change remains limited. The consequences are felt not only by the parties directly involved but also by trading partners and neighboring countries. The attempt to completely isolate a large country such as Russia from a complex and globally integrated economy is costly and is likely to be unattainable and impractical.

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