

12(185) JULY 2025

## SANCTIONS AGAINST RUSSIA: DYNAMICS, ENHANCED RESTRICTIONS AND ECONOMIC EFFECTS

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*From 2022 to mid-2025, sanctions of unfriendly jurisdictions against Russia were consistently expanding, covering key sectors: finance, energy, industry and logistics. At the beginning of 2025, the United States, the United Kingdom and the European Union slapped new large-scale restrictions, including sanctions against major energy companies, shadow fleet vessels and insurance organizations, as well as a ban on oilfield services. Published estimates show that in the short term, the measures imposed could lead to a slight slowdown in Russia's GDP growth (within 1–2 p.p. per year), while medium- and long-term effects depend largely on the duration and severity of restrictions on Russian energy resources and the level of business adaptation to them (maximum estimates reach 7–14% of GDP). Empirical studies indicate mixed effects in some cases, both growth and reduction of companies' revenues, growth of import prices, disruption and rapid recovery of production and logistics chains. However, despite the introduction of restrictions, the Russian economy is flexible, diversifying its sources of growth and gradually adapting to new challenges, demonstrating steady growth in a number of key indicators.*

### **More than 24,000 sanction restrictions have been imposed on Russia by unfriendly jurisdictions**

The sanctions policy against Russia has been consistently tightened since the beginning of 2022 and has gone from urgent restrictive measures to the formation of a systemic regime of restrictions against key components of the Russian economy. *Table 1* presents aggregated information on the main areas of sanctions pressure on Russia in 2022–2024.

According to the results of 2022–2024. Russia faced more than 18,000 sanction measures covering the majority of foreign economic and infrastructure connections.

Against the background of a gradual reduction of channels and mechanisms for circumventing sanctions, 2025 was marked by the most significant tightening of sanction pressure over the entire period.

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Table 1

## Stages of sanctions imposed by unfriendly jurisdictions, 2022–2024

Year	Main measures	Brief comments
2022	<ul style="list-style-type: none"><li>Freezing assets (~\$300 bn).</li><li>Disconnection from SWIFT.</li><li>Technology and energy embargoes.</li></ul>	Sweeping imposition of sanctions by EU, G7, US; initial blow to finance and exports
2023	<ul style="list-style-type: none"><li>Expansion of SDN/sectoral lists.</li><li>Secondary sanctions against partners.</li><li>Oil price ceiling.</li></ul>	Combating circumvention schemes, “shadow fleet”, trading and insurance
2024	<ul style="list-style-type: none"><li>Pressure on logistics, insurance and critical software.</li><li>Bans on AI/cloud services.</li></ul>	Systemic technological isolation, strengthening barriers for export including new restrictions against the shadow fleet.

Source: Own calculation on the basis of open data. According to X-Compliance, more than 18,000 sanctions were imposed against Russia by Western countries over the period 2022–2024 // X-Compliance, 16.06.2025. URL: <https://xcompliance.ru/statistics>

On January 10, 2025, a new package of restrictions by the United States was adopted<sup>1</sup>:

1. Significant expansion of SDN list, which includes:
  - Gazprom Neft, Surgutneftegaz and subsidiaries.
  - More than 180 vessels of the shadow fleet (including LNG carriers).
  - Insurance companies: Ingosstrakh, Alfa Insurance.
2. Sectoral mechanisms:
  - Oilfield services blocking (effective February 27, 2025).
  - New legal basis for authorization of any structure related to the fuel and energy complex of the Russian Federation.
3. Personal sanctions:
  - Top management of Russian energy companies.
  - Deputy ministers, key supervisors of export projects.

A feature of the January round of sanctions was the introduction of new sectoral instruments. The US officially recognized the energy sector as “sanctionable” in general. The issued decree (Executive Order 14024) allows to impose blocking sanctions “against any person identified as operating or having operated in the energy sector of the Russian Federation”. In other words, any company or individual involved in the Russian energy sector is at risk.

In 2025, the EU also tightened sanctions restrictions by successive sanctions packages (the main ones are presented in Table 2).

Additional restrictions against Russia continue to be developed at the legislative level. In particular, US Senator Lindsey Graham<sup>2</sup> introduced a bill in spring of 2025 that would impose 500% duties on imports into the United States from countries that purchase Russian oil, gas, uranium, and other products. According to the plan, this sanctions mechanism equates Russia's energy exports with a trade war and is intended to increase the economic burden on buyers of Russian energy resources, primarily China and India. The bill would also prohibit U.S. investors and banks from buying Russian sovereign debt.

Similar ideas are being discussed in the European Union: a number of experts suggest imposing import duties of several hundred percent and strict quotas on Russian goods in response to oil and gas purchases. A new (18th) sanctions

1 Treasury Intensifies Sanctions Against Russia by Targeting Russia's Oil Production and Exports // U.S. Department of the Treasury, 10.01.2025. URL: <https://home.treasury.gov/news/press-releases/jy2777#:~:text=Public%20Joint%20Stock%20Company%20Gazprom,production%2C%20and%20sale%20of%20oil>

2 Included in the register of terrorists and extremists in the Russian Federation.

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package is being prepared, which may carry lowering the oil price ceiling and banning deals on Nord Stream-2. Although these initiatives have only been proposed so far, their discussion reflects the West's readiness to further escalate sanctions pressure on Russia in 2025.

Table 2

Stages of sanctions imposed by unfriendly jurisdictions, 2022–2024

Package	Date of adoption	Key measures
15th <sup>1</sup>	December 16, 2024	<ul style="list-style-type: none"> <li>• 54 people and 30 companies.</li> <li>• 52 vessels of the shadow fleet.</li> <li>• Export restrictions, recognition of foreign proceedings.</li> <li>• Restrictions on exporting aluminum products, etc.</li> </ul>
16th <sup>2</sup>	February 24, 2025	<ul style="list-style-type: none"> <li>• 48 people and 35 companies.</li> <li>• +74 vessels of the shadow fleet.</li> <li>• Banking restrictions, exchange of valuable messages.</li> <li>• Restrictions for export of aluminum products.</li> </ul>
17th <sup>3</sup>	May 20, 2025	<ul style="list-style-type: none"> <li>• 17 people, 58 companies.</li> <li>• +189 vessels of the shadow fleet.</li> <li>• Prohibition of port access services.</li> <li>• Imposing export restrictions on technology and chemicals.</li> </ul>

Source: own calculations of the basis of open data.

The International Working Group on Sanctions against Russia (Yermak – McFaul Group), established in 2022, brings together experts, politicians and representatives of think tanks from the G7 countries and Ukraine. The group's main goal is to develop strategies to increase sanctions pressure on Russia. Many of the proposals formed by the group have been used by unfriendly jurisdictions to impose sanctions. The new report "Action Plan 4.0"<sup>4</sup> (May 2025), released by the group, is a systemic strategy of sanctions initiatives (see Table 3 for its key areas).

Table 3

Key areas and proposals of the report "Action Plan 4.0" (Yermak – McFaul group)

Nº	Direction	Proposals
1.	Energy	Lowering of the price cap (45 USD/bbl). Freight surcharges, sanctions on Yamal LNG and pipelines.
2.	MIC	Sanctions against the entire network. Restricting access to NCs and chips
3.	Finance	Confiscation of assets. Prohibition of investments, AML <sup>5</sup> -control.
4.	Technologies	Secondary sanctions on suppliers. SaaS-bans.
5.	Geopolitics	Restricting Russian aid from third countries. Mobilization on international institutions.

Source: own calculations of the basis of open data.

- 1 Russia's war of aggression against Ukraine: EU adopts 15th package of restrictive measures // European Council, 16.12.2024. URL: <https://www.consilium.europa.eu/en/press/press-releases/2024/12/16/russia-s-war-of-aggression-against-ukraine-eu-adopts-15th-package-of-restrictive-measures/>
- 2 EU adopts 16th package of sanctions against Russia // European Council, 24.02.2025. URL: [https://finance.ec.europa.eu/news/eu-adopts-16th-package-sanctions-against-russia-2025-02-24\\_en](https://finance.ec.europa.eu/news/eu-adopts-16th-package-sanctions-against-russia-2025-02-24_en)
- 3 EU adopts 17th package of sanctions against Russia // European Council, 20.05.2025. [https://finance.ec.europa.eu/news/eu-adopts-17th-package-sanctions-against-russia-2025-05-20\\_en](https://finance.ec.europa.eu/news/eu-adopts-17th-package-sanctions-against-russia-2025-05-20_en)
- 4 The Path For-ward on Energy Sanctions. A Toolkit to Step Up Pressure on Russia in 2025 // The International Working Group on Russian Sanctions, 15.11.24. URL: [https://fsi9-prod.s3.us-west-1.amazonaws.com/s3fs-public/2025-05/action\\_plan\\_4\\_russian\\_sanctions\\_5-625\\_final2.pdf](https://fsi9-prod.s3.us-west-1.amazonaws.com/s3fs-public/2025-05/action_plan_4_russian_sanctions_5-625_final2.pdf)
- 5 Anti-Money Laundering – a set of measures to combat money laundering and terrorist financing.

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**According to the results of empirical assessments, the impact of sanctions restrictions is assessed as noticeable, however, not provoking systemic failures**

Sanctions against Russia, as expected by their authors, should have led to a wide range of effects:

- Macroeconomic effects – changes in GDP, inflation, trade, budget.
- Sectoral effects – industry sectors dynamic.
- Effects for individual companies – revenues, profits, company strategies.
- Impact on prices and logistics – rising costs and changing import patterns.

However, in published research papers empirical estimates of *the possible effects* of sanctions *differ*.

Individual assessments cover different time periods and different sets of restrictive measures, and often do not take into account the potential medium-term effects of adaptation of Russian business.

Changed circumstances and structural transformation of the Russian economy. For example, imposition of sanctions targeting other countries' trade with Russia (excluding sanctions related to the energy sector) according to assessments in publication (*Borin, et al., 2022*)<sup>1</sup> could lead to a 1–4% decrease in Russia's trade revenues and a 0.42–0.93% decrease in Russia's GDP (estimated by *Mahlstein, et al., 2022*)<sup>2</sup>.

At the same time, the estimates of possible effects of sanctions vary *by sectors of the Russian economy*. Thus, according to the estimates in (*Furmanov, Turovets, 2024*)<sup>3</sup> 6 groups of sectors were identified depending on the forecast estimates of the effect of sanctions without taking into account medium-term measures of business adaptation and implementation of structural transformation of the Russian economy:

1) Extremely negative impact – the final estimate of the impact of sanctions exceeds 15% of the actual value of the output volume. This group includes such sectors as the production of motor vehicles, trailers and semi-trailers, wood processing and manufacture of wood products.

2) Significant negative impact (from -14.9 to -5%): manufacture of machinery and equipment, vehicles, paper and paper products, tobacco products, chemicals and products, pharmaceuticals and materials, coke and petroleum products, rubber and plastic products, as well as repair and installation of machinery and equipment.

3) Moderate negative impact (from -4.9 to -3%): production of food products, electrical equipment, metallurgical production.

4) Insignificant negative impact (from -2.9 to 0%): production of non-metallic mineral products, leather and leather products, beverages, as well as printing activity.

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1 *Borin A. et al.* Quantitative assessment of the economic impact of the trade disruptions following the Russian invasion of Ukraine. // Bank of Italy, Economic Research and International Relations Area, 2022. № 700.

2 *Mahlstein K. et al.* Estimating the economic effects of sanctions on Russia: an allied trade embargo // *The World Economy*. 2022. T. 45. № 11. С. 3344–3383.

3 *Furmanov K.K., Turovets Yu.V.* Estimation of the impact of external shocks on the development of manufacturing industry // *Problems of forecasting*. 2024. No. 5 (206). P. 128–140. The study is devoted to assessing the impact of sanctions imposed in 2022 on the output of the manufacturing industry. The authors use the production indices provided by Rosstat for certain two-digit types of economic activities OKVED-2 to build a counterfactual forecast based on the pre-sanctions dynamic of production volume, relying on univariate time series analysis. The data for the period 2016–2021 were used to construct a forecast of output in the manufacturing sectors for 2022 based on exponential smoothing and the naive principle of preserving the trend of recent years. The authors estimated the effect of sanctions as the pro-percent deviation of the total volume of actual production for 2022 from the forecasted one.

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5) Insignificant positive impact (from +0.1 to +2.9%): production of computers, electronic and optical products, and furniture.

6) Moderate positive impact (from +3 to +4.9%): production of fabricated metal products, clothing.

The authors note that the strength of the impact of sanctions is largely related to feasible long-term trends that developed in the manufacturing industry until 2022.

At the same time, at the level of *private companies*, the effects of sanctions imposed by unfriendly jurisdictions are *ambiguous*. Thus, in the study (Zaitsev, Loshchenkova, 2024),<sup>1</sup> the results of estimations show *no* significant effect on the differences in the change in average revenue between non-sanctioned and sanctioned firms in 2022 compared to 2021 (examining panel regression findings for the periods 2014–2019 and 2014–2022). The authors explain this result by the impact of other types of sanctions imposed on the Russian economy, in particular, the prohibition of supplies of certain categories of goods to Russia and the prohibition of imports of Russian goods by unfriendly jurisdictions.

In addition, the estimation results showed that:

- Statistics do not support the relationship between asset freezes and firm revenue dynamics. The paper does not provide a direct interpretation, but a likely explanation is that the frozen assets – primarily foreign accounts and property – are not directly involved in the operating activities of companies.
- Banning the supply of goods to under-sanctioned firms In both periods under consideration (2014–2019 and 2014–2022), the authors attribute this to possible adaptation – change of suppliers, reconfiguration of logistics and internal redistribution of demand.<sup>2</sup>

Financial measures are negatively connected with revenue – when falling under such sanctions, nominal revenue of companies statistically significantly decreased.

At the same time, if we talk about the impact of the “second wave” of sanctions on the Russian industry (manufacturing industries), then according to the business surveys’ findings in spring of 2023, 61% of surveyed companies in Russia were affected by the imposition of sanctions, and more than two-thirds of these companies indicated the presence of rather negative effects (in detail see in (Simachev *et al.*, 2023)<sup>3</sup>). In 2021, before the intensification of sanction pressure, 32% of companies imported intermediate goods from unfriendly jurisdictions, 17% – equipment. According to the results of regression analysis,

1 Zaitsev Yu. K., Loshchenkova A. N. (2024). The impact of sanctions on the revenues of Russian companies. // Journal of the Nes Economic Association. No. 2 (63). P. 57–74. The study assesses the impact of sanctions on the operating results of Russian companies. The authors chose the revenue of companies, which is less volatile than profit, as the target indicator for assessing the effect of sanctions. The studied sample was selected from the firms listed in the sanctions lists of unfriendly jurisdictions as of the beginning of 2023 and for which there are available statistics on performance indicators. The study is devoted to the testing of two main hypotheses, produced by different methods. The hypothesis that there is a significant impact of firms on the revenue of firms on the sanctions lists of unfriendly jurisdictions was tested by the method of difference of differences using a sample of all Russian firms as a control group. The authors test the hypothesis that different types of sanctions have a different impact on the revenue of the companies hit by these sanctions using a model with individual fixed effects. The authors divide sanctions against Russian companies into three main categories: asset freezes, bans on the supply of goods to Russian sanctioned firms, and financial measures, including bans on financial transactions and access to foreign credit.

2 The effect size varies from 15.1 to 91.6% (for nominal values) depending on the model specification.

3 Simachev Yu.V. *et al.* Russian industrial companies under the “second wave” of sanctions: Response strategies. // Voprosy Ekonomiki. 2023. No. 12. P. 5–30.

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the presence of import (and/or export) activities of a company increases both the degree of impact of sanctions in general and the probability of occurrence of certain negative consequences. The main response strategies of Russian companies to the sanctions pressure in 2022 included changing suppliers (for 16% of companies – to domestic suppliers, for 19% – to other foreign companies) and reducing costs (18% of companies).

Moreover, the analysis of the dynamics of the volume of supplies of sub-sanctioned goods shows that in 2023 relative to the level of 2021 it will decrease by 15%, of which around 8% can be explained by the sanction pressure (for more details see (*Firanchuk, 2024*)<sup>1</sup>). The analysis revealed that the deviation of the prices of goods supplied to Russia from all countries from the median level of prices of supplies to all other countries amounted to about 3.7% in 2022 and up to 6.2% in 2023. It was also shown that additional factors such as the exporting country's relations with Russia and the inclusion of (groups of) goods in special sanctions lists influence the increase in the price level.

However, despite the imposition of restrictions, the Russian economy is flexible, diversifying its sources of growth and gradually adapting to new challenges, demonstrating steady growth in a number of key indicators.▲

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1 *Firanchuk A.* Sanction Impact on Russian Import Prices // Available at SSRN. 2024. The paper examines the impact of sanctions on the price level of imported goods. It is assumed that the imposition of sanctions against Russia related to foreign trade leads to an increase in trade costs due to “disruption of logistics chains, higher costs of cross-border payments and the need to pay for risk”. The main hypothesis tested in the study: the increase in the prices of imported goods supplies to Russia as a result of the “second wave” sanctions. Quantitative estimates were based on panel regression at the country level for 2018-2023.