

IMPACT OF THE SANCTION ON THE RUSSIAN ECONOMY

Maria Lukyanova
MSU Branch in Sevastopol

The issues to be considered in the research

1. Why were the sanctions imposed?
2. Types of sanctions and counter-sanctions.
3. Consequences of sanctions:
 - ruble devaluation;
 - capital outflow from Russia;
 - export of goods of the Russian Federation.
4. Government measures to minimize the negative impact of sanctions.
5. Russia today.

The 2013 civil revolution in Ukraine led to a coup d'état



Autonomous Republic of Crimea and Sevastopol announced their secession from unitary Ukraine, holding a referendum on March 16, 2014, with the subsequent intention of joining Russia as a subject of the Federation.

Sanctions imposed by the USA, EU and other countries in 2014

Sanctions

"Blocking
sanctions"
against
individuals

Sanctions
against Crimea

Sectoral
sanctions

Restrictions on
technology

Restrictions on
transactions with
shares and debt
obligations, loans

The Russian Federation counter-sanctions

Counter-sanctions:

food embargo

rejection of joint projects with unfriendly partners

tightening of customs control, etc

Ruble devaluation



Capital outflow from Russia

Restricting the access of domestic borrowers to the global capital market

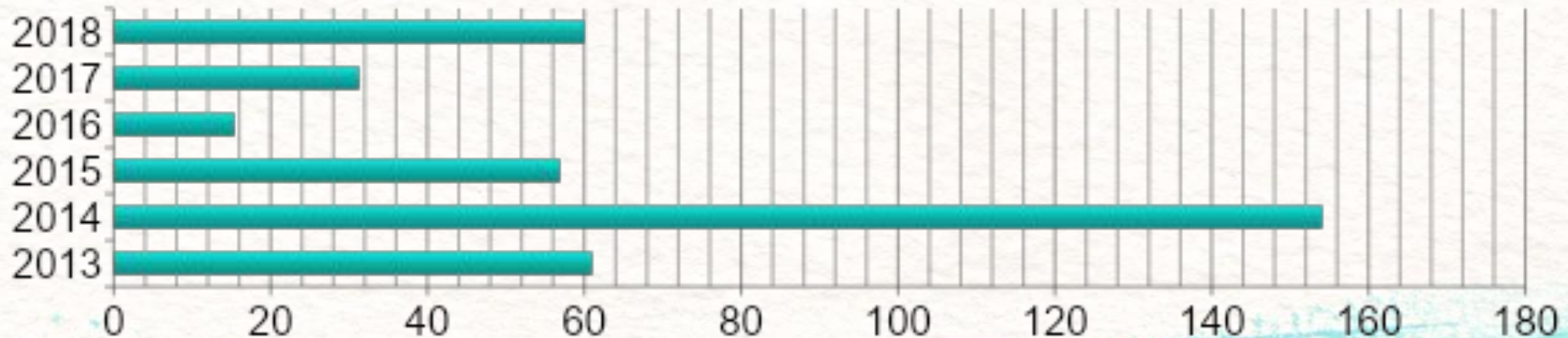


Sharp drop in net inflows of FDI

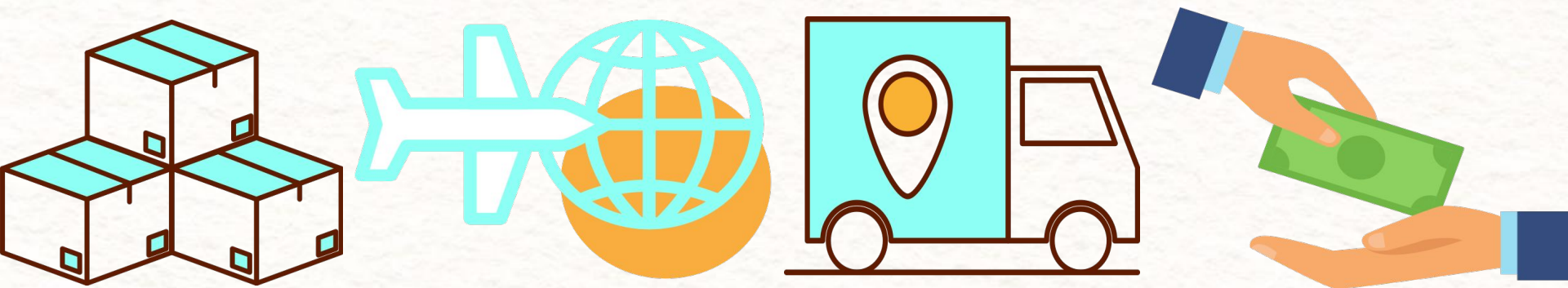


The net investment outflow

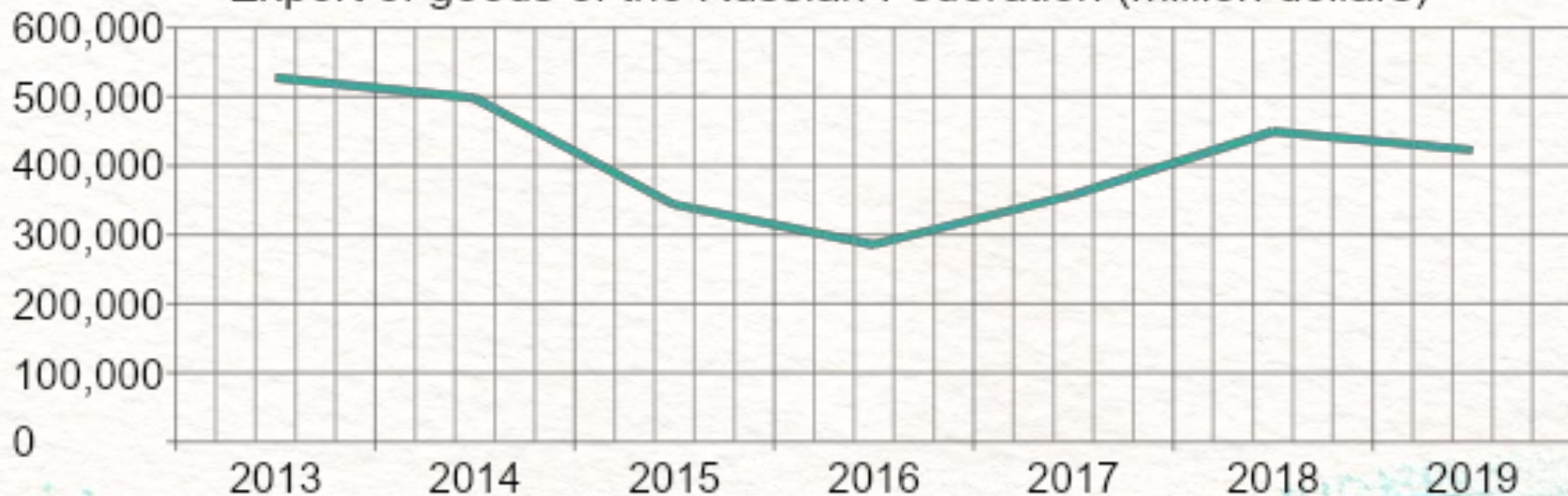
Capital outflow from Russia (billions of dollars)



Export of goods of the Russian Federation



Export of goods of the Russian Federation (million dollars)



A source: Федеральная таможенная служба//Режим доступа: <http://customs.ru>

Government measures to minimize the negative impact of sanctions:

1. Providing financial risk management assistance to banks.

2. Additional capitalization of systemic banks.

3. Creation the national payment system "Mir".



The logo of the Ministry of Finance of the Russian Federation (MMF). It consists of the letters 'MMF' in a bold, green, sans-serif font, followed by a stylized blue and green graphic element that resembles a leaf or a flame.

4. A transition to inflation targeting.

5. Refraining the growth of the monetary aggregate through cutting budget spending.

6. Development of import-substitution.



Import substitution has its drawbacks:



Low quality of Russian equipment.

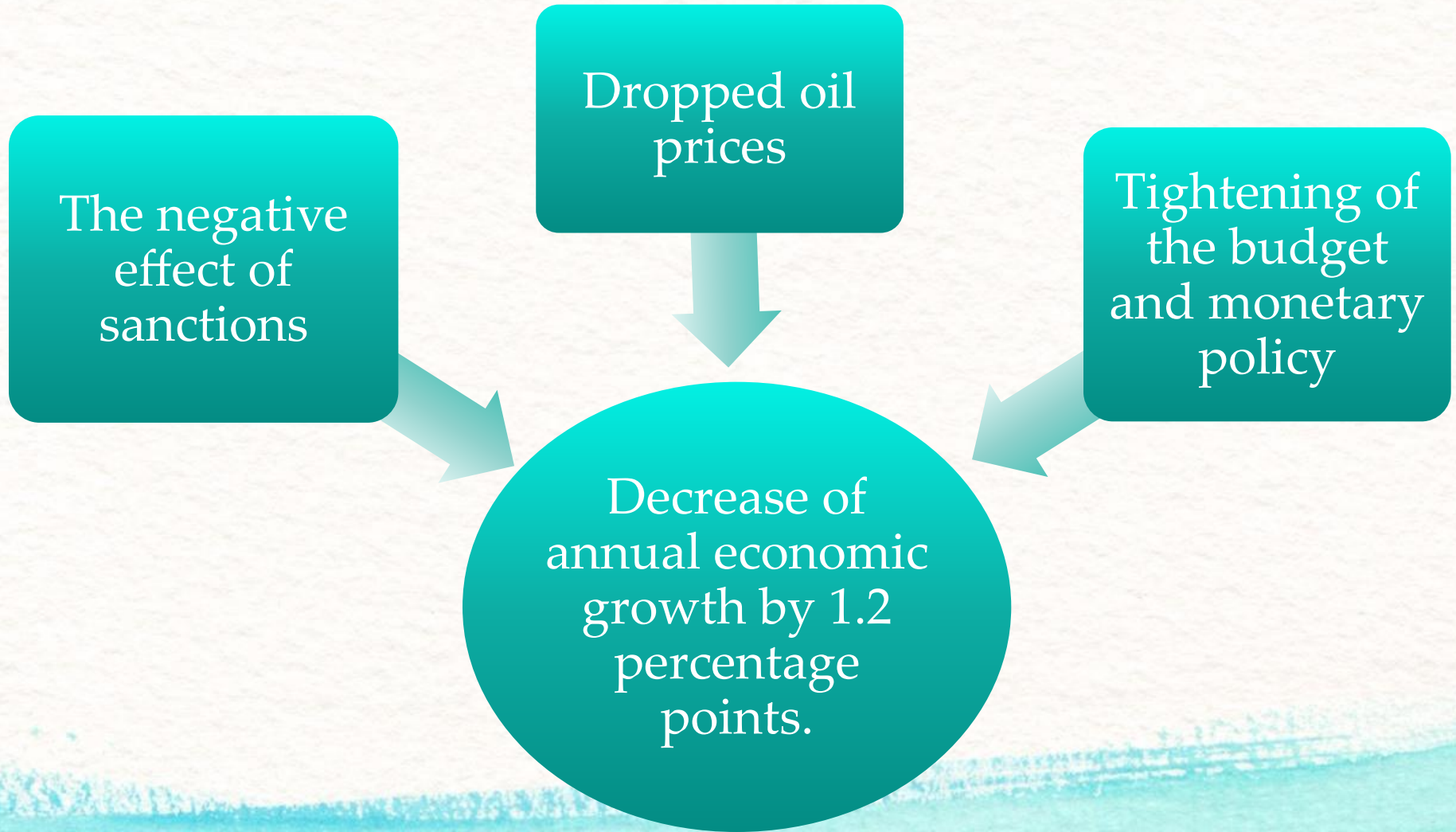


The dependence on imported supplies of equipment, food staff, seedlings, and components .



Financial resources are distributed in favor of foreign producers.

Russia's economic growth under sanctions.



Russia today.

- Russia is able to

- seek new ways of its development

- fully cover the external debt



resistance to possible
in sanctions



- The economy of Russia is
 - the fifth-largest national economy in Europe

- the eleventh-largest nominal GDP in the world



Thank you
for attention!