

Research on Strengthening Anti-Sanction System of Russia after the Conflict Between Russia and Ukraine

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Abstract: This project is mainly aimed at the internal and external background, specific measures, effect assessment and reasons of Russia's strengthened anti-sanctions system after the Russia-Ukraine conflict in 2022 to carry out detailed facts and in-depth characteristics summary, vertical comparison with the similarities and differences of previous measures, horizontal mining in various economic fields; On this basis, by synthesizing Russia's sanctions resistance blueprint, this study is helpful to understand the dynamics of economic warfare in the multipolar system, clarify the framework and final form of Russia's anti-sanctions system, and evaluate the effect and practical significance of its anti-sanctions system. At the same time, it provides practical insights for countries seeking to develop in the Western-dominated financial architecture, and explores the path and method of anti-sanctions system. This set of economic policies has also brought some problems, such as economic overheating, labor shortage, and the declining share of the private economy. In the long run, the Russian economy still faces a series of difficult problems that current economic policies cannot solve.

Keywords: anti-sanction, Russia, Ukraine, economy

1. Introduction

Since the outbreak of the conflict, Europe and the United States have imposed a series of high-intensity sanctions on Russia, and so far, the European Commission has issued 11 rounds of economic sanctions.

In fact, since the Crimea incident in 2024, Russia has begun to strengthen the formulation and implementation of anti-sanctions measures. This project is mainly aimed at the internal and external background, specific measures, effect assessment and reasons of Russia's strengthened anti-sanctions system after the Russia-Ukraine conflict in 2022 to carry out detailed facts and in-depth characteristics summary, vertical comparison with the similarities and differences of previous measures, horizontal mining in various economic fields; On this basis, it summarizes the characteristics, effects and reasons of the progress of Russia's anti-sanctions system construction, explores the practical significance and influence of Russia's strengthening anti-sanctions research, and provides reference for relevant international anti-sanctions actions.

2. Research status at home and abroad

Domestic scholars study the ways, goals and effects of international economic sanctions and refine relevant theories. Zhou Fangyin pointed out that economic sanctions have two functions, one is economic effect, the other is political effect to achieve the goal of the sanctioning country[1]; Du Tao analyzed the policy changes of EU economic sanctions and concluded that it was often difficult for simple political and diplomatic sanctions to achieve the expected effect, so there was a need to use economic coercive power to a certain extent, and economic sanctions, a non-violent form of coercive behavior, emerged[2]. Wan Shu points out from the mechanism that sanctions directly affect their instrumental objectives. If sanctions are successful, this tool goal can be aligned with broader policy goals[3].

2. Research on Russian economic sanctions.

Domestic scholars have conducted relatively comprehensive and adequate research on Russia's economic sanctions, mostly focusing on the domestic impact on Russia. Zhang Yuxin analyzed the current status of Russia's economic fundamentals and the continuing impact of US and Western sanctions[4]; Tian Yuan summarized the process and results of Russia's two responses to sanctions[5]; Zhu Haihua and Gao Siyu combined macro data to evaluate the impact of the sanctions game on all parties. The actual economic impact, and summarizes the implications of this game of sanctions and counter-sanctions for China[6]; Xu Poling believes that the driving force and logic of Russia's economic growth against the trend under the pressure of sanctions come from Russia's domestic production capacity[7].

Liu Junmei explained the hedging logic of Russia's countermeasures from the perspective of the mechanism of extreme sanctions[8]; Tao Shigui analyzed Russia's innovative countermeasures from the perspective of great power game[9]; Tian Weiguo concluded that Russia should respond to US and European sanctions Enlightenment and reflections on our country[10]. Xiong Qiyue and Zhao Xueqing passed study the logic and impact of U.S. and European economic sanctions on Russia and draw inspiration for our country[11].

3. Specific measures

After the conflict between Russia and Ukraine, sanctions against Russia by Western countries have become more severe and comprehensive, using a variety of methods with unprecedented intensity and depth. Russia's counterattack has prevented the collapse of its economic market and people's livelihood-related fields. On the basis of the principles and principles of action to safeguard its own interests, Russia has carried out a series of counter-sanctions measures and expanded itself through "turn east" and other measures. This project is based on facts and aims to explore the specific implementation of Russia's counter-sanctions measures after the Russia-Ukraine conflict and to explore the growth path of the counter-sanctions strengthening system.

3.1. Russia strengthened its counter-sanctions system after the conflict between Russia and Ukraine

Legal system construction:

In order to reduce the impact of sanctions against Russia, Russian authorities have adopted a large number of counter-sanctions measures, which are regularly updated, revised and expanded. like:

Decree of the President of the Russian Federation No. 81 of March 1, 2022 introduced a new category of non-residents, which includes "foreign persons who commit unfriendly acts", namely those of the United States, the United Kingdom, the European Union and others who are hostile to the Russian Federation, its citizens or Countries, legal entities imposing unilateral sanctions/restrictions on citizens. The following operations are subject to the consent of the Ministry

of Finance of the Russian Federation, permission from the Government Council or the Central Bank of the Russian Federation:

Ruble credits and loans to “unfriendly” persons [Decree No. 81]

Issuance of foreign currency loans to “unfriendly” persons [Decree of the President of the Russian Federation No. 79 and 81 of February 28, 2022]

The export of certain pharmaceuticals, agricultural machinery and industrial equipment is prohibited or requires a license. "Unfriendly" countries and individuals can only pay for gas in rubles. [Decree of the President of the Russian Federation 03/08/2022 No. 100, Decree of the President of the Russian Federation 03/31/2022 No. 172, Decree of the Government of the Russian Federation 03/2022 09/2022 No. 311, Decree of the Government of the Russian Federation 03/09/2022 No. 313]

Legal systems and presidential decrees such as the above constitute the policy basis of Russia's counter-sanctions system, which are constantly modified and updated to respond to sanctions in a timely manner.

4. Sanctions after Ukraine Crisis

After the Russia-Ukraine conflict broke out in 2022, sanctions entities such as the United States and the West increased sanctions on Russia's economy, trade, energy and other aspects. In fact, as early as the Ukraine crisis in 2014, Russia had already been subject to a series of sanctions. After the Ukraine crisis in 2014, other Western countries emphasized the implementation of "smart sanctions" on Russia and used this method to avoid harm to ordinary people. Sanctions mainly include diplomatic measures, personal sanctions (including asset freezes and travel restrictions), restrictions on economic relations with Crimea and Sevastopol, economic sanctions, and restrictions on economic cooperation.

Political and diplomatic sanctions are mainly reflected in the cancellation of the EU-Russia summit; the EU prohibits member states from conducting any form of regular bilateral summits with Russia (2014.03.20); the suspension of any dialogue with Russia on visa issues and new agreements between the two parties (2014.03.06); Cancel the G8 summit originally scheduled in Sochi and change it to the G7 summit in Brussels (2014.03.03); Suspension of Russia's membership in the OECD any negotiations between the Organization and the International Energy Agency, etc. The United States has adopted restrictions on the entry of individuals, sanctioned Rosneft, and froze relevant sanctioned personnel and company assets.

Economic sanctions are mainly sanctions imposed by the EU. The EU not only imposes restrictions on Russia's market access standards, but also stipulates prohibitions on related claims and financial instruments. In July 2014, the EU stopped the European Investment Bank's new financing to Russia and froze the European Bank for Reconstruction and Development's new financing to Russia. When it comes to individuals, the EU has targeted the Russian elite and oligarchs, restricting travel and freezing assets. Russia has also taken timely counter-sanctions measures in response to these sanctions. Such as formally recognizing Crimea's joining the Russian Federation; reducing natural gas supplies to Poland and Slovakia by 24% and 10% respectively; imposing corresponding sanctions and restrictions on 9 officials and members, including the Speaker of the U.S. House of Representatives; reducing holdings of U.S. securities, and a series of actions such as reducing the use of US dollars for settlement in trade. In response to various Western sanctions, Russia has adopted a series of countermeasures, focusing on agriculture and prioritizing food security, with remarkable results.

4.1. Summarize:Sanctions Policy after the Russia-Ukraine Conflict—Economy

4.1.1. Economic sanctions on banks

As the cornerstone and heart of a country's economy, the importance of banks is self-evident. After the conflict between Russia and Ukraine broke out, sanctions against Russian banks have never stopped. Including important financial institutions including the Central Bank of the Russian Federation, the largest state-owned commercial bank Sberbank of Russia, the National Wealth Fund of the Russian Federation, VTB, and Alpha Bank, Russia's largest private bank. Their number almost exceeds that of the Russian banking system by at least one-third. More than one asset. And for related payment tools and settlement methods, banks cannot use Apple-Pay and Google-Pay for payment, and cannot conduct financial cooperation with the United States and other countries.

4.1.2. About sanctions in the international trade system

The first to bear the brunt was the move to kick some Russian banks out of the Society for Worldwide Interbank Financial Telecommunication (SWIFT). As early as 2014, the United States intended to kick Russia out of SWIFT and made multiple threats, but failed due to opposition from internal members of SWIFT. In 2022, six countries and organizations headed by the United States jointly adopted the policy of kicking Russia out of the SWIFT organization. Russia itself has 466 companies as SWIFT members. This move caused Russia to lose the ability to use foreign currencies for settlement, and financial information Transmission capacity is greatly reduced.

4.1.3. Debt crisis

The U.S. Treasury Department announced that the United States will end the exemption policy that allows Russia to repay debts in U.S. dollars from May 25, 2022, and will not allow U.S. banks to assist the Russian government in repaying debts. The inability to repay the national debt will lead to a debt default. This will cause Russia to have a credit crisis in the international community and become a "distrustful person" in the world.

4.1.4. Sanctions on trade

The EU has adopted a series of bans and restrictions on the import and export of goods. Since March 15, 2022, the EU has cooperated with G7 member states to cancel Russia's most-favored-nation trade status within the framework of the WTO, effectively depriving Russia of its key trade advantages as a member of the WTO. Organization, other WTO members are obliged to grant Russia most-favored-nation treatment in the fields of trade and intellectual property rights. On March 15, 2022, the United States and Europe jointly issued a statement with 14 WTO members, deciding to terminate the most-favored-nation treatment provided to Russia under the WTO framework and impose punitive tariffs on Russia.

5. Strengthening of Russia's anti-sanctions policy system

5.1. "De-dollarization" policy

After the "Ukrainian crisis" broke out in 2014, in the face of financial sanctions initiated by the United States and its allies, Russia designed a Russian Central Bank Financial Information Transmission System (SPFS) for domestic and foreign banks that was independent of Western financial information systems. The National Payment Card Company (NSPK) and Mir (Mir) payment system were established. The members include 23 banks in Armenia, Belarus, Germany, Kazakhstan, Kyrgyzstan,

Switzerland and other countries, as well as Russian banks, effectively using the country's banks. Currency settlement system. After the Russia-Ukraine conflict in 2022, Russia further deepened the above policy and cleared the shares of US dollars, pounds, and yen in the national welfare fund, which is mainly used to adjust fiscal revenue, and allocated 60% to RMB assets and 40% to gold reserves.

5.2. "Ruble Settlement Order" and "Gas Ruble"

On March 31, 2022, Russian President Vladimir Putin officially signed the "Ruble Settlement Order" for natural gas, requiring that from April 1, 2022, "unfriendly countries" use rubles to settle natural gas trade with Russia, and at the same time, Russia will only export grain to friendly countries in rubles and national currencies. From the perspective of defusing the power of sanctions, after the ruble becomes a payment tool, it can first reduce Russia's transaction costs, which is conducive to boosting the international demand for the ruble and reducing the willingness of the international market to short the ruble, thereby contributing to the stability of the ruble exchange rate. Secondly, once Europe is forced to use rubles to purchase Russian natural gas, the power of the "nuclear bomb" of SWIFT sanctions will be greatly reduced. In addition, Russia can also use ruble pricing to regulate the space for natural gas prices. Even if it cannot completely weaken the hegemony of the "petrodollar", it can also transform the ruble from a dependent currency to a hard currency with full sovereignty.

5.3. Expand trade partnerships

Partnerships can reduce the number of countries in the sanctions camp and directly reduce the pressure on Russia to be sanctioned. Through cooperation with countries friendly to Russia in areas such as energy trading to "de-dollarize", it can also indirectly break through the financial and technical barriers created by Western countries and achieve financial countermeasures. Russia timely adjusted its development direction, actively promoted the "Eastward" development strategy, developed diplomatic and cooperative relations with Asia-Pacific countries, and promoted regional cooperation. Russia's trade structure changed significantly in 2022, with 65% of its exports going to "friendly" and "neutral" countries throughout the year, an increase of 23% year-on-year.

The top five trading partners are China, Turkey, India, Belarus and Kazakhstan, accounting for 43% of Russia's total trade volume, an increase of more than 10% year-on-year. The trade volume between China and Russia was US\$190.272 billion, an increase of 29.3% year-on-year.

6. Evaluation of the effectiveness of counter-sanctions

It is worth noting that the short-term effectiveness of Russia's current round of countermeasures is significantly better than the Crimean crisis in 2014, and no financial crisis has occurred yet. After a large number of counter-sanction measures were formulated and continuously revised, Russia has also formed a counter-sanction system based on itself. Through the timely implementation of domestic and international dual guarantee policies in finance, economy, trade and other aspects, Russia has not experienced major events such as economic collapse and financial crisis when facing the new round of sanctions. Compared with the counter-sanction policy in 2014, Russia has a long-term vision, improved many of its domestic systems and promoted them, deepened financial and monetary policies; sought alternative countries for export goods at the first time, and did not hesitate to use means such as legalization of "gray trade"; attached importance to trade partnerships, and opened up new paths when facing the closure of most trade channels.

The sanctions imposed by the United States, Europe and other Western countries on Russia and Russia's countermeasures have further intensified the antagonism between the East and the West, resulting in a tighter and more complex global geopolitical pattern, and the world is further divided

into two camps: countries that participate in the sanctions coalition and countries that refuse to participate in sanctions and maintain normal economic and trade ties with Russia.

Russia's anti-sanctions policy could serve as a good model for many other medium-sized countries. Medium-sized countries should avoid over-dependence on a single industry or a single market, strengthen industrial restructuring and optimization, develop diversified economic systems, and improve the resilience of their economies to risks. At the same time, we should firmly safeguard national sovereignty and interests in the face of external pressure.

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