



Consequences of economic sanctions on Russia after the Ukraine crisis

Nikulina Daria

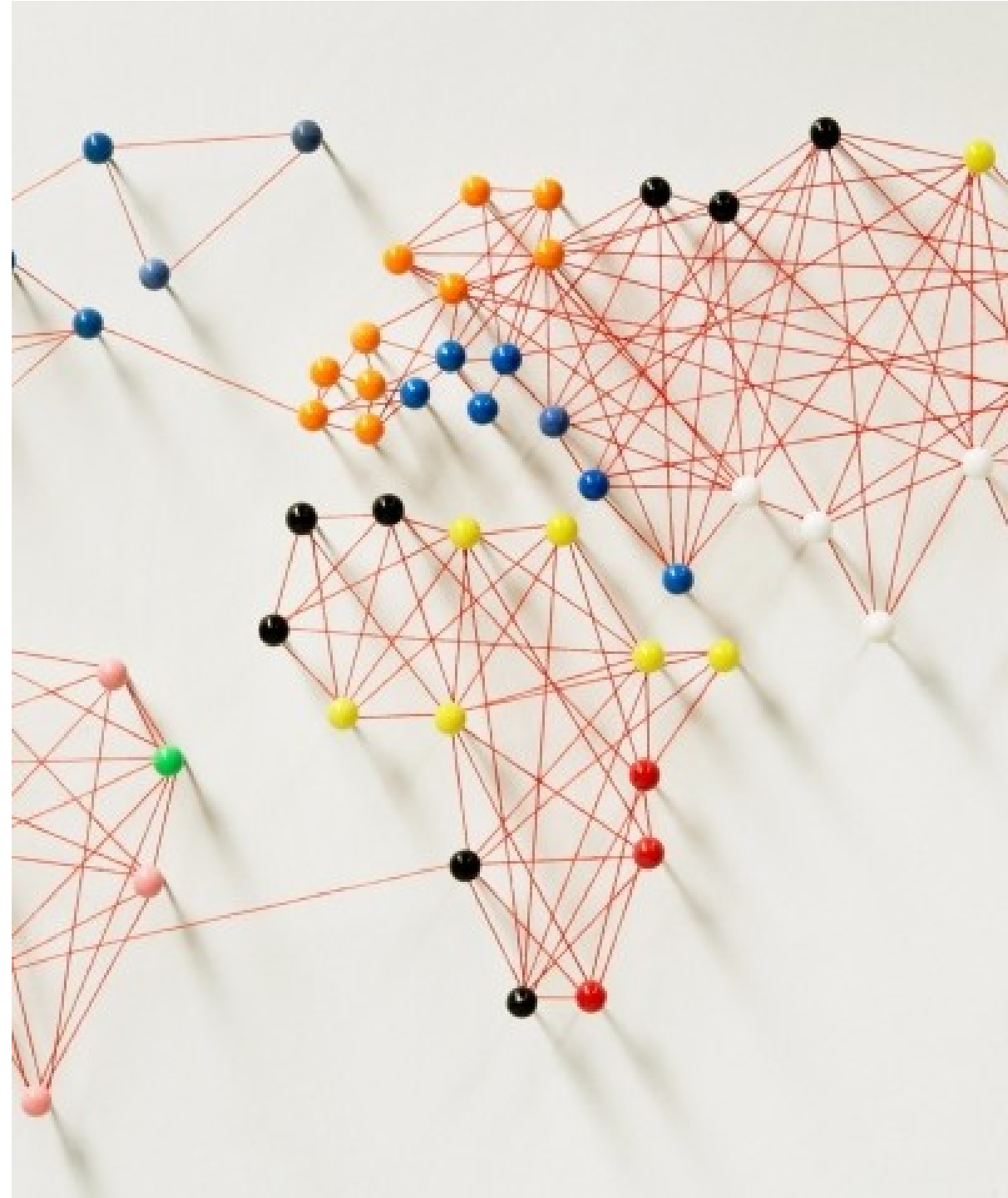
Outline

- Introduction
- Types of economic sanctions
- Effect on Russia
- Effect on Europe
- Conclusion



Introduction

- Strong connection of countries economies on the global market
- Russia – one of 20 biggest importer and exporter countries
- Sanctions as a political instrument



Sanctions

- Restricted access of several Russian banking, military and energy companies to Western financial market
- ban on export to Russia of oil exploration and production equipment
- prohibition of export of military goods to Russia
- Russian embargo on food imports



Effect on Russia

- High inflation rate (17% in 2015)
- GDP growth of -2.2% (1Q 2015 compared to 1Q 2014) and -1.2% in 1,2Q 2016
- Ruble weakening
- 30-40% decrease of export and import rates



Effect on Russia

- Expand of domestic producers
- Drop of import quota in consumption
 - ✓ from 48% to 20% for cheese
 - ✓ from 18% to 9% for pork
 - ✓ from 19% to 10% for chicken
- Stronger cooperation with China



Effect on Europe

- Loss of Russian market did not have unfavorable impact on EU economy
- 1Q 2015 compared to 1Q 2014 export to Russia decreased by 8,6 billion Euros, export to other destinations rose by 49 billion Euros
- For Lithuania, Estonia, Finland, Latvia etc. loss of Russian market resulted in decrease of export by up to 336 million Euros



Conclusion

- In process
- Debatable issue of Russian embargo
- Recession period for Russia
- New opportunities
- Changes in distribution of power



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