

Kyiv National University of Trade and Economics

The World Economy Department

FINAL QUALIFYING PAPER (PROJECT)

on the topic:

**ECONOMIC SANCTIONS OF THE EUROPEAN UNION ON THE
RUSSIAN FEDERATION**

Student of the 2nd year, group 2am,
specialty 051 “Economics”,
specialization “International
economics”

*(student's
signature)*

Serzhanova Viktoriia

Scientific adviser
Candidate of Economic Sciences,
Associate Professor, Associate
Professor of the Department of
World Economy

(signature)

Shnyrkov O.O.

Manager of the educational program
Candidate of Sciences (Economics),
Associate Professor

(signature)

Kravets K.P.

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Faculty of International Trade and Law

World Economy Department

Educational Degree «Master»

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Approved by

Head of the Department

G.V. Duginets

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Task**for a final qualifying paper****VIKTORIA SERZHANOVA*****1. Topic of a final qualifying paper:*****«Economic sanctions of the European Union on the Russian Federation»**

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2. Term of submitting by a student his/her terminated paper: 26.11.2021.***3. Initial data of the final qualifying paper:***

The purpose of this project is to evaluate the European Union sanction impact on the Russian Federation and the EU economies, analyze Russian counter-sanctions, make forecasts and proposals on how to avoid potential consequences.

That is why *the objectives* of the project were set:

- analyze previous and current sanctions of the European Union on the Russian Federation;
- research main aims of the European Union sanctions on the Russian Federation;
- define and measure the impact of sanctions on the Russian Federation and the European Union;

- forecast and evaluate the European Union sanction impact on the Russian Federation and the EU economies;
- analyze counter-sanctions of the Russian Federation;
- propose ways how to cope with the potential consequences of sanctions on the Russian Federation and the European Union economies.

The object of the qualification paper is the essence and potential consequences of sanctions on the Russian Federation. *The subject* of the research is the European Union sanction impact on the Russian Federation and the European Union economies.

4. Consultants of the research and titles of sections which were consulted:

Section	Consultant (last name and initials)	Date and signature	
		The task given	The task received
1	Shnyrkov O.O.	14.05.2021	14.05.2021
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5. Contents of a final qualifying paper (list of all the sections and subsections):

INTRODUCTION

PART 1. THE THEORETICAL BASIS OF ECONOMIC SANCTIONS

1.1. Essence of economic sanctions: main reasons and aims

1.2. Classification of economic sanctions

Conclusions to the part 1

PART 2. EVALUATION OF THE PERFORMANCE OF INTERNATIONAL EXHIBITION ACTIVITY BASED ON THE MATERIALS OF LLC "IEC"

2.1. Importance of relations between the European Union and the Russian Federation

2.2. Impact of the European Union economic sanctions on the Russian Federation economy

Conclusions to the part 2

PART 3. ECONOMIC COUNTER-SANCTIONS OF THE RUSSIAN FEDERATION AGAINST THE EUROPEAN UNION

3.1. System of Russian economic restrictions against European Union

3.2. Current situation and prognosis on economic relations between the European Union and the Russian Federation

Conclusions to the part 3

CONCLUSIONS AND PROPOSALS

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APPENDICES

6. Time schedule of the paper:

No.	Stages of the final qualifying paper	Terms of the final qualifying paper	
		de jure	de facto
1.	Choosing and approval of the final qualifying paper topic	01.09.2020- 12.12.2020	
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10.	Defense of the final qualifying paper in the Examination Board	According to the schedule	

7. Date of receiving the task

8. Scientific adviser of the research

_____ Shnyrkov O.O.

9. Guarantor of the educational program

_____ Kravets K.P.

10. The task received by the student

V.

_____ Serzhanova V.

11. Response of scientific adviser of final qualifying paper

Scientific adviser of final qualifying paper

O.O.

_____ Shnyrkov

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12. Conclusion on the final qualifying paper

A final qualifying paper of the student

Serzhanova V.V.

(last name and initials)

may be admitted to the Examination Board.

Guarantor of the educational program

Kravets K.P.

(last name and initials, signature, date)

Head of the Department

G.V.

Duginets

(last name and initials, signature, date)

« » 2021.

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INTRODUCTION

The relevance of the topic is that the European Union is one of the biggest partners for the Russian Federation, which is why any fluctuations in the relations influence Russian and the EU economies because they are interdependent. Some members of the EU collaborate and are very closely intertwined with Russia. This is, in fact, the weakest link in the sanctions system, so that contradicts the main policy of the EU according to imposing sanctions.

Analysis of the level of development of the topic. The sanctions were analyzed by different domestic and foreign authors. O. Chugaev, N. Reznikova, R. Paip, D. A. Boldvin, G. Huffbauer, J. Scott, K.A. Elliot, and B. Oegg researched the sanction essence and main aims. Panchenko V. researched the history of sanctions.

The purpose of this project is to evaluate the European Union sanction impact on the Russian Federation and the EU economies, analyze Russian counter-sanctions, make forecasts and proposals on how to avoid potential consequences. That is why **the objectives** of the project were set:

- analyze previous and current sanctions of the European Union on the Russian Federation;
- research main aims of the European Union sanctions on the Russian Federation;
- define and measure the impact of sanctions on the Russian Federation and the European Union;
- forecast and evaluate the European Union sanction impact on the Russian Federation and the EU economies;
- analyze counter-sanctions of the Russian Federation;
- propose ways how to cope with the potential consequences of sanctions on the Russian Federation and the European Union economies.

The object of the qualification paper is the essence and potential consequences of sanctions on the Russian Federation. **The subject** of the research is the European Union sanction impact on the Russian Federation and the European Union economies.

Research methods. Different scientific and economic methods were used in the project. The scientific methods, used during the research, can be divided into general scientific methods applied in the theoretical part and specific scientific methods applied in the practical part of the study. The former methods are synthesis and analysis, induction and deduction, literature review, which were used to understand the essence, main features of the object and to draw conclusions. The latter method is scenario-building to make forecasts on Russian-European relations in the future.

The scientific novelty stems from the summarizing, analysis, and comparison of the scientific works of foreign and domestic scientists. The main key points of scientific research were defined and used for the analysis and forecast of the future relations of the Russian Federation and the European Union.

The practical novelty is in the development of complex considerations on how to improve the relations between parties, analyze the impact on both countries by imposing different sanctions, and forecast potential future.

Approbation and utilization of research results: article "The EU sanctions against the Russian Federation" in the collection of scientific articles "International economics", KNUTE, Kyiv, 2021.

Structure and volume of the final qualifying paper. The project consists of an introduction, three parts, general conclusions, references, and appendices. The study materials are presented on 64 sheets, in 4 tables, in 14 figures, and in 4 appendices. The list of used references contains 50 names. In the first part, we research the theoretical explanation of sanctions, the essence, and aims, approaches of different scientists, and analyze the situation worldwide. In the second part, we define the situation in the Russian Federation and the EU relations, how sanctions have impacted the economies and how countries are interdependent. In the third part, we can see the main issues and forecasts, ways of minimizing the impact of sanctions on both parties. The conclusions and recommendation part summarize the research and outline the topic of the final qualifying paper.

PART 1.

THE THEORETICAL BASIS OF ECONOMIC SANCTIONS

1.1. Essence of economic sanctions: main reasons and aims

In a period of globalization, countries add up trade activities competing for the energetic and raw material resources to supply the best and the most profitable way. As a result, conflicts at the level of national interests arise between the parties periodically. The settlement must be ensured by both the participants in the process (on a bilateral or multilateral basis) that is approved according to relevant international organization legislation. Among the organizations are the UN (Security Council, Economic, and Social Council, International Court of Justice), the World Trade Organization, the European Commission, and other international, regional organizations.

However, the policy of free trade has become the cause of trade wars, other forms of unfair competition. In particular, the sanctions adopted against countries play an increasingly important role in the system of international economic relations in recent decades. The motives for imposing sanctions, including economic ones, may depend on many factors and pursue various goals. In most cases, it is the political goals that are achieved through the adoption of economic sanctions. At the same time, the sanctions in the field of international activity basically combine regulatory, political, and economic factors that form the interdisciplinary nature of sanctions in theoretical terms.

To understand the sense of "economic sanctions" it is important to unify the concept of "sanctions". Originally, this comes from the Latin "sanction" - an inviolable decision. In modern professional terminology, there are several main options, including interpreting sanctions in the field of international legal relations as a tool of influence (economic, political, military), which is adopted against a state that does not comply with international agreements. In other words, sanctions are

coercive measures of external influence on the relevant subjects of international relations in order to achieve certain goals (Panchenko, 2017).

The essence of the problem here is that the modern practice of international economic relations uses a range of measures of such coercive influence, with some of them used ex post facto (after violation of international law), others - before the possible violations wearing preventive nature (Havlik, 2019).

Table 1.1

Definition of economic sanctions

Author	Definition
The UN	Under Chapter VII of the UN Charter, the Security Council may take coercive measures to maintain or restore international peace and security. Under article 41, sanctions include a wide range of non-armed coercive options. There is no concept of "economic sanctions" in the UN Charter. but at the same time, Article 41 of the Statute mentions "complete or partial interruption of economic relations and rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations", which is generally consistent widespread perception of sanctions (The United Nation, 2021).
O. Chuhaiev	Economic sanctions are, in a broad sense, specific instruments or methods of using economic force by a country to achieve various goals, and in a narrow sense, they are economic instruments of punishing other countries for their offenses (Chuhaiev, 2015).
N. Reznikova	Contrasting the categories of "economic aggression" and "economic expansion", the author considers the role of economic sanctions in the growth of economic influence of countries through the outlined mechanisms (Reznikova, 2012).
R. Pape	The author distinguishes the concept of trade wars from the concept of economic sanctions, insisting that the reason for the last is exclusively political goals, although it is an element of economic pressure (Pape, 1997).
D. A. Boldvin	The term "economic sanctions" can be used in three senses: as the use of economic means to ensure compliance with international law; as the use of the economic methods to achieve economic goals (application of economic sanctions within the WTO; hidden protectionism, which often leads to trade wars); as the use of economic methods to achieve foreign policy goals. The author divides economic sanctions into positive, to which he attributes various economic incentives, and negative. (Panchenko, 2017).

Table 1.1 prolongation

Author	Definition
G. Hufbauer, J. Scott, K.A. Elliot and B. Oegg	The authors note that economic sanctions are deliberate violations imposed by the government of the country or the threat of violating right terms of trade and financial relations with another country to secure its own foreign policy goals. "Right terms" in this context do not mean either bilateral or multilateral economic relations written in the contract, but rather those that will take place if economic sanctions are not imposed. The authors attribute economic incentives to economic sanctions (for example, foreign aid or loans) only in the context of a carrot and a stick approach, and especially when the stimulus is the lifting of economic sanctions (Hufbauer, Scott, Elliot, & Oegg, 2009).

Source: made by the author, based on the United Nation, 2021; Chuhaiev, 2015; Reznikova, 2012; Pape, 1997; Panchenko, 2017; Hufbauer & Oegg, 2009).

To sum up, there is no unanimity among scholars in the interpretation of the economic sanctions meaning. Moreover, methodologically, the problem is partly explained by the difference in views on the application of economic sanctions. Nowadays developed countries use instruments of hidden protectionism implemented mainly with methods of domestic economic policy. Developing countries are trying to exploit the potential of sectoral protectionism, the application of economic sanctions policies corresponds to the idea of selective protectionism indirectly, which is directed against individual countries or individual goods.

1.2. Classification of economic sanctions

Economic sanctions were used firstly in ancient Greece. The most famous case of the time, Megarian Psephism, was adopted in 432 BC by the Athenian people's assembly because of the Megarian betrayal, which led to the paralysis of the Megar trade in the states that were part of Athens maritime union and became the cause of the Lophonnesian War. However, the sanctions had not been well documented till 19 century. Moreover, economic sanctions had had military character until the end of Second World War II. Economic sanctions were usually

imposed to either prevent military intervention or strengthen economic methods (Panchenko, 2017).

In the 19th century, sanctions were mostly in the form of naval blockades. Country or coalition of countries deployed its fleet off the coast of the country, which were not formally at war with to blockade individual ports or the entire coast to stop maritime trade. After World War II, other foreign policy goals became widespread, but sanctions continued to be used to influence military positions. These factors were interconnected. In particular, the United States controlled the trade in strategic goods with China and the USSR in the 1940s. During the Cold War, the main goal of economic sanctions was to change the political regime of the country (subject of sanctions). At the same time, opponents use economic instruments of the stimulating type (according to positive sanctions) to mitigate the impact of economic sanctions and maintain a "friendly regime". A bright example is an economic struggle between the United States and the Soviet Union for Cuba (Panchenko, 2017).

The legitimacy of economic sanctions was documented by the League of Nations. Article 16, the Covenant of the League of Nations, contained provisions on the right of collective economic and military law sanctions against states that violated the provisions on the settlement of international disputes peacefully (the League of Nations, 1919). In 1946 the assets and responsibilities were provided to the intergovernmental organization - The United Nations, which ensures international peace and security and stimulates international cooperation in the world. Under Chapter VII of the UN Charter, the Security Council can take coercive measures to maintain or restore international peace and security. Under Article 41, sanctions measures include a wide range of non-military coercion options. Since 1966, the Security Council has imposed 30 sanctions regimes against the following countries: Southern Rhodesia, South Africa, the former Yugoslavia (2), Haiti, Iraq (2), Angola, Rwanda, Sierra Leone, Somalia and Eritrea, Eritrea and Ethiopia, Liberia (3), Democratic Republic of the Congo, Sudan, Lebanon, Democratic People's Republic of Korea, Iran, Libya (2), Guinea-Bissau, Central African

Republic, Yemen, and South Sudan and Mali, and ISIS (Da'esh) and Al-Qaeda and the Taliban (United Nations Security Council, 2021).

Security Council sanctions can take many forms, depending on their purpose. Coercive measures range from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, financial restrictions, and restrictions on commodity trade.

Economic sanctions were used to achieve less important goals compared to regime change, avoidance of military aggression and security baking peace in the world. For example, economic sanctions are used by countries against expropriation property, drug trafficking, and terrorist organizations. After World War II, world leaders agreed to "disarm" by not using economic sanctions to achieve equal rights and position to trade. This was done by signing the General Agreement on Tariffs and Trade (GATT) in 1947. Thus, the countries created a regime of international trade based on the most-favored-nation principle, which eliminates discrimination. Having signed the GATT trade sanctions became illegitimate. However, the legal system of the GATT, and later of the World Trade Organization (WTO), provides members an opportunity to regulate their security and national interests by setting some restrictions (The World Trade Organization, 2021; the official site of Verkhovna Rada of Ukraine, 2017).

Nowadays countries continue to protect their national producers through tariff and non-tariff means now as economic regulation and that could be used as either protective or restrictive measures. Analyzing the practice of sanctions, there is suspension of membership and membership exclusion from the organization, severance of diplomatic relations, severance of diplomatic relations; prohibition of aircraft to land or transit; prohibition or suspension of road and rail, water or sea transit; tourism ban; ban on telephone, telegraph and postal communications in the international practice (The United Nation, 2021).

Forms of economic sanctions are embargoes, boycotts, and blockades. The embargo is a ban by public authorities on the import of gold, goods, and securities from a country. Economic boycott is a complete or partial renunciation of economic

relations with any person, organization, or state. Economic blockade is a comprehensive restriction in foreign economic relations of the administrative entity, carried out by blocking its transport channels. It differs from boycotts, embargoes in the degree of restriction of the administrative entity. Common forms of economic sanctions include "blacklists" of companies or merchants trading with the offending country. A fairly detailed list of options for sanctions (in the terminology of the Law - "types of sanctions") is given in Article 4 of the Law of Ukraine "On Sanctions". (Pro sanktsii, 2014). According to this Law, the types of sanctions are: blocking of assets - temporary restriction of the human right to use and dispose of property; restriction of trade operations; partial or complete cessation of resource transit, flights and transportation through the territory of Ukraine; prevention of capital outflow from Ukraine; suspension of economic and financial obligations; revocation or suspension of licenses and other permits, obtaining of which is a requirement for carrying out a certain type of activity, in particular, revocation or suspension of special permits for subsoil use; prohibition of participation in privatization, lease of state property by residents of a foreign state and people who are directly or indirectly controlled by residents of a foreign state or act in their interests; ban on the use of radio frequency resources of Ukraine; restrictions or termination of the provision of telecommunications services and the use of public telecommunications networks; prohibition on public procurement of goods, works and services from legal entities-residents of a foreign state of state ownership and legal entities whose share capital is owned by a foreign state, as well as public procurement from other business entities selling goods, works and services which country of origin is foreign and to which sanctions have been applied in accordance with this Law (Panchenko, 2017).

Depending on the sphere there are arms, trade, financial, travel, and other sanctions. Depending on the order of the application, it is proposed to classify sanctions into individual (applied by individual states) and collective (applied within the framework of international organizations). When adopted under Chapter VII of the United Nations Charter by the Security Council, collective sanctions meet certain limitations. It is clear that sanctions are applied by political rather than judicial

bodies, but the political bodies that make the decision to impose sanctions must act from considerations of rationality and objective justification of the measures introduced to prevent the danger of political subjectivity and not constitute a violation of international law. Such restrictions include the principle of proportionality; the requirement to minimize the adverse effects of the imposed economic sanctions on innocent groups of the population; ensure that such sanction regimes are regularly reviewed; and exclude the adverse consequences of sanctions for third parties, etc. As for individual sanctions, since they qualify as countermeasures, they must comply with certain terms: (1) countermeasures should be a response to the law violation; (2) only the affected state can take countermeasures against the offending state. If these terms are not met, the illegality of the state actions of the state interested cannot be completely ruled out (United Nations Security Council, 2021).

There is an increase in the number of sanctions around the world nowadays. On Figure 1.1 it is shown the number of these sanctions has increased since the early 1990s. However, the trend changed dramatically in the next decade. Until 2004, the number of sanction cases and the total number of sanctions in force had dropped slightly. Afterwards, that growth starts to slow after 2010 but then begins to pick up in 2017. In general, the number of sanctions has increased since 1950 and there is a growth nowadays.

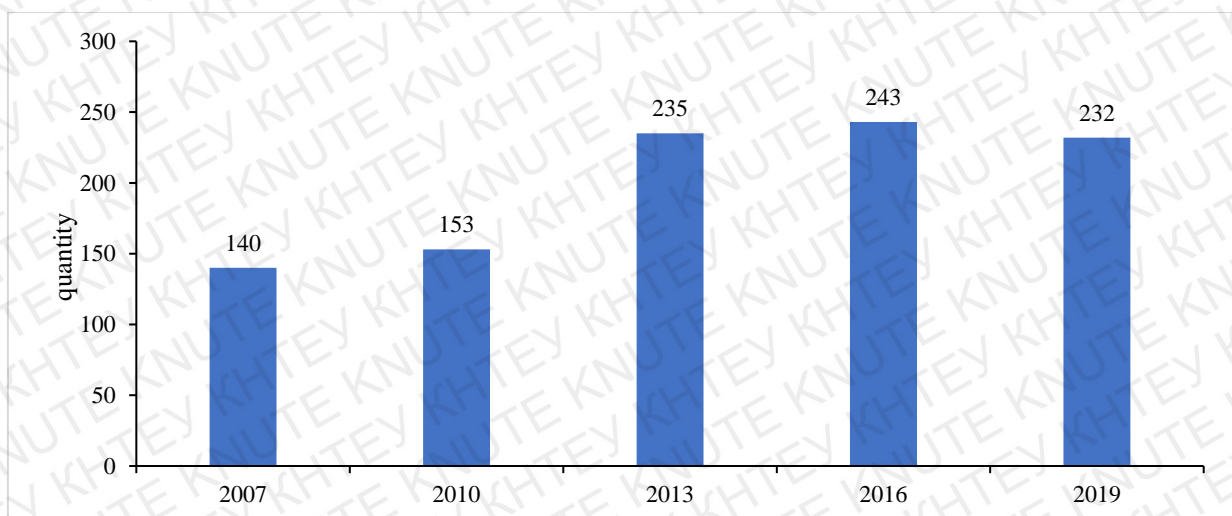


Figure 1.1. All active sanctions from 2007 to 2019 (Kirilakha, & Syropoulos, 2021).

In the 2000s there was a growth in humanitarian concerns largely in response to the damage and suffering that comprehensive sanctions inflicted on innocent civilians. There was a new type of smart sanctions introduced at this time called targeted sanctions. These were quickly hailed as being "superior" in that they were intended to target entities initially involved in the conflict that sparked the initiation of sanctions (Global Sanctions Data Base, 2019). Subsequently, the rise of sanctions started in 2010 (Figure 1.2). In 2016, many sanction regimes (Iran, Liberia, Ivory Coast, and Myanmar) were revoked. Moreover, in 2017th the policy of the USA has changed to protectionism and Trump's administration imposed new sanctions.

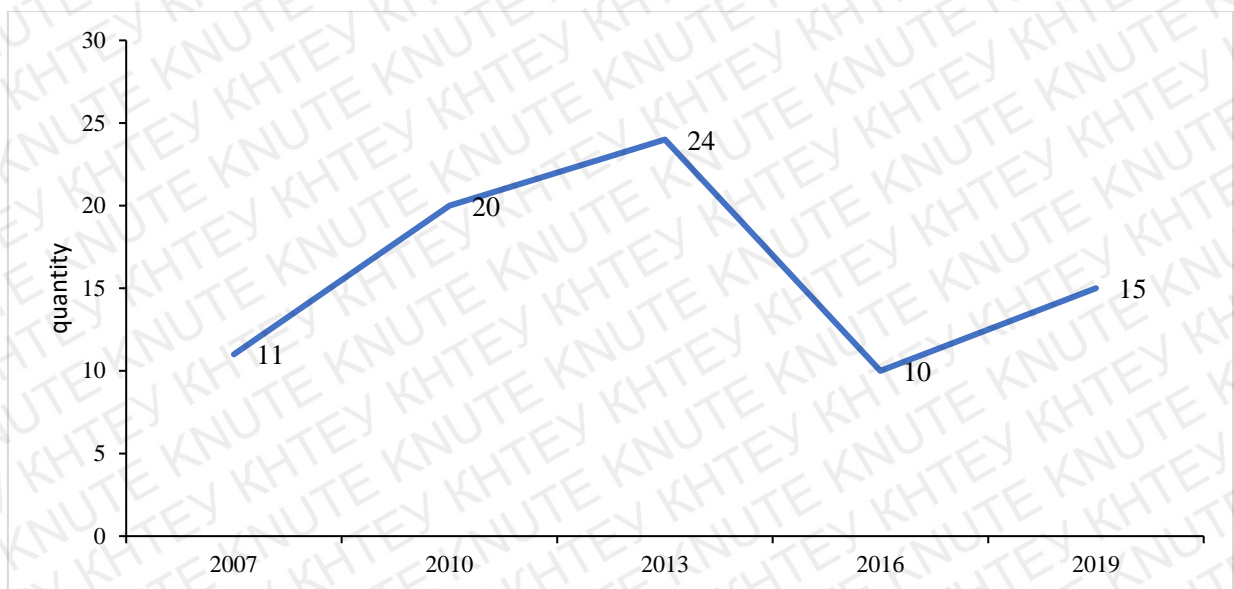


Figure 1.2. New sanctions from 2007 to 2019 (Kirilakha, Felbermayr, & Syropoulos, 2021).

By highlighting the types by sphere there are trade, arms, military, financial, travel, and other sanctions (Figure 1.3). The financial sphere had the biggest share from 2007 to 2019. In 2007, trade sanctions were on the second place, however, in 2010 the share was smaller and arms sanctions were on the second place. After 2013 the validity of trade sanctions was increased. Starting from 2019-2020 travel restrictions have been increasing because of world pandemics.

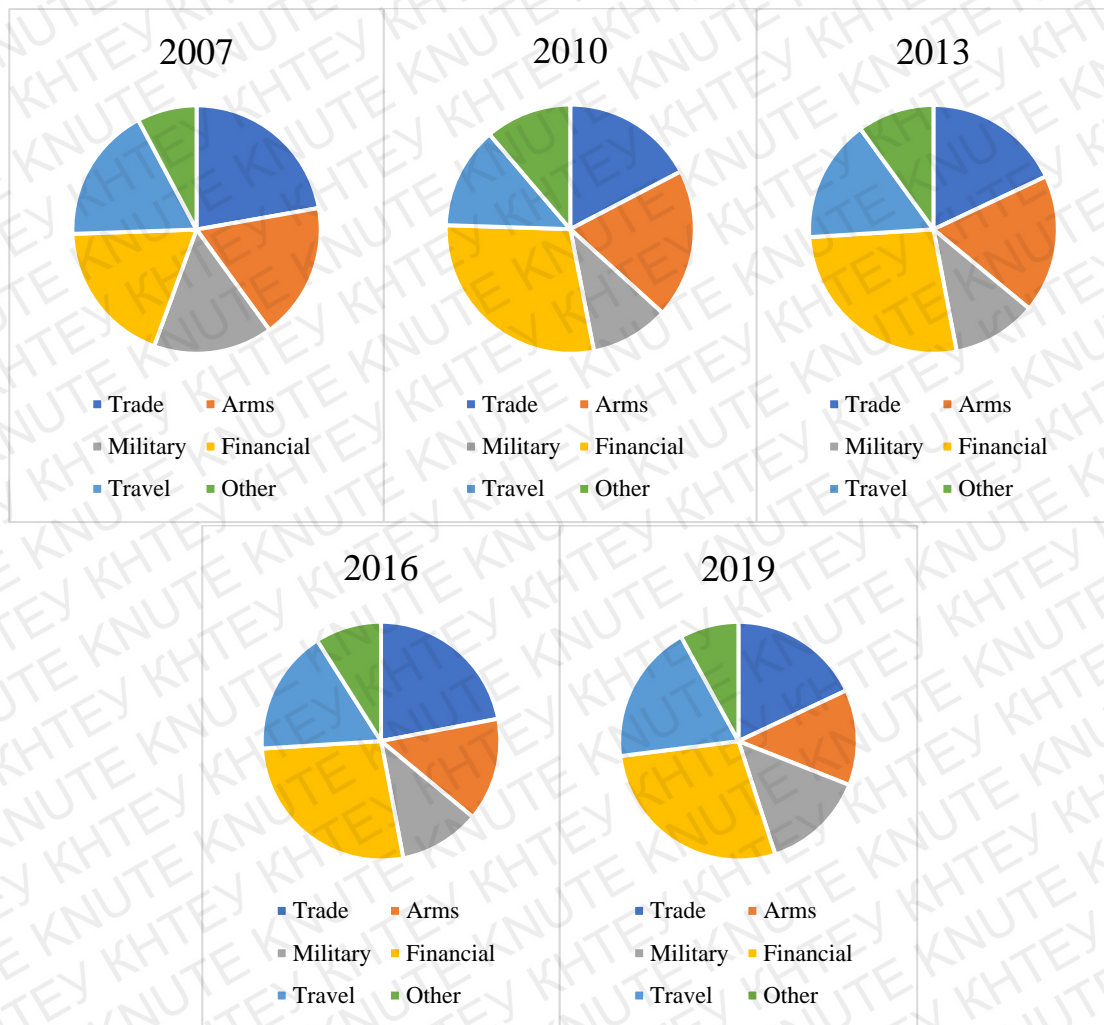


Figure 1.3. Types of sanctions by sphere in 2007, 2010, 2013, 2016, 2019 (Kirilakha, Felbermayr, & Syropoulos, 2021).

In conclusion, the first sanctions were adopted in 432 BC in ancient Greece. After that many countries used sanctions, but they had not been well documented till 19 century. After World War II, other foreign policy goals became widespread, but sanctions continued to be used to influence military positions. During the Cold War, the USA and Russia tried to change the political regime of each other by imposing sanctions. To regulate and make equal opportunities to trade for all countries the General Agreement on Tariffs and Trade (GATT) was signed in 1947. Now, this is the World Trade Organization that controls and regulates international economic relations. However, the main issues in 2021 are between the USA, the EU, and United Kingdom sanctions against Russia, post-Brexit sanctions. The main players who impose the sanctions are still the Russian Federation and the USA. This makes

the players resist each other; however, it influences not only the economy of the country but the whole regions and world economy.

Conclusions to part 1

According to the study of different scientists, sanctions combine regulatory, political, and economic factors that form the interdisciplinary nature in the international relations between countries. In our opinion, the best definition is the use of economic methods to achieve foreign policy goals. The main goals of economic sanctions are to ensure compliance with international law; achieve internal and external economic aims. However, the explanation of "sanctions" and "economic sanctions" is different. The application of economic sanctions policies corresponds to the idea of selective protectionism that harms individual economies. Firstly, the sanctions were used in ancient Greece in 432 BC. The legitimacy of economic sanctions was documented by the League of Nations, so nowadays the quantity of imposed sanctions is increasing. The type of sanctions as smart sanctions made an increase of imposed sanctions because they were intended to target entities. Financial sanctions are applied mostly worldwide nowadays. The regulation of sanctions is done by international organizations such as the UN, the WTO. The main conflicts that cause restrictive economic policies in 2021 are between the USA, the EU, the UK, Russia. However, sanctions against the biggest players on the world market have an impact on all economies.

PART 2. ECONOMIC SANCTIONS ON THE RUSSIAN FEDERATION

2.1. Current situation of relations between the European Union and the Russian Federation

In 2013, the Russian Federation was the third largest trading partner of the EU, and the last was the largest partner for Russia. The import from Russia to members of the EU (before the imposition of sanctions) was equal to 206 billion euros, 78% of it referred to gas and oil supply) in 2013. The total volume of bilateral trade reached 326 billion euros in 2013 compared to the GDP of Austria or Denmark. The biggest share of all foreign direct investments (FDI) to the Russian economy was contributed by the EU – 75% (over 190 billion euros). Contrary, over 77 billion euros was invested by Russia to the EU countries. Nevertheless, the share of Russian FDI in the EU economy was only 2% (Sharov, 2015).

The geographical structure has changed: China has replaced the biggest partner – the Netherlands since 2017. Italy lost the positions of the closest Russian partners. Germany has the same tendency as Italy (Figure 2.1).

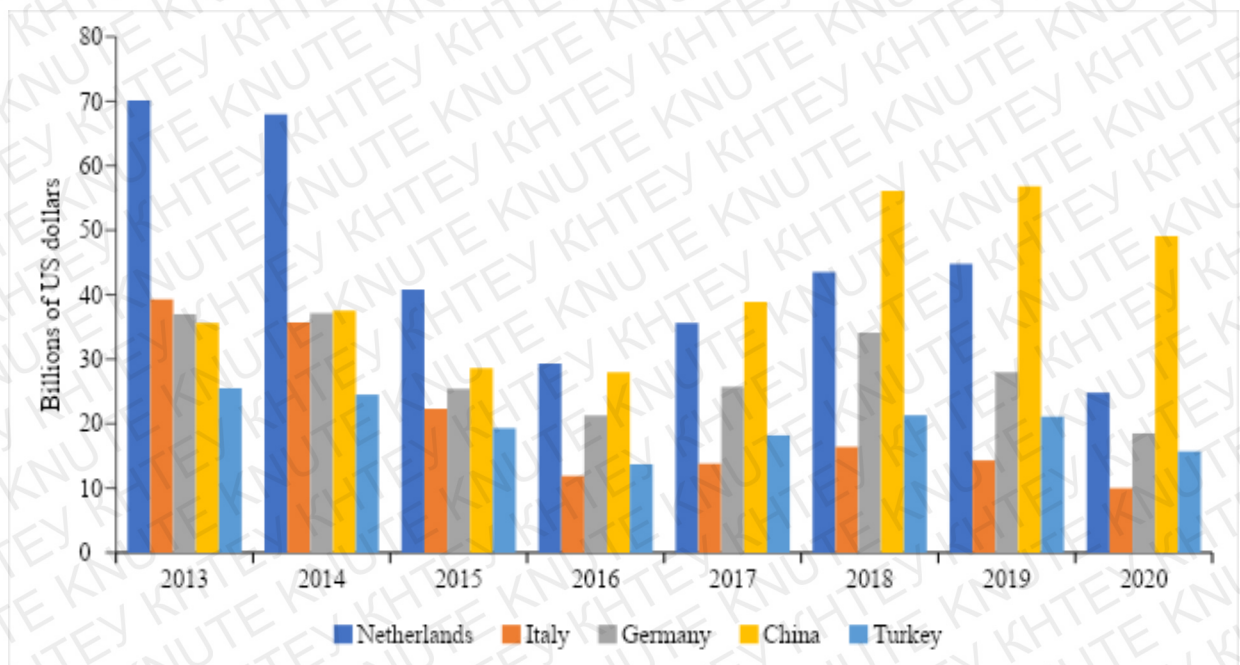


Figure 2.1. The biggest export partners of the Russian Federation from 2013 to 2020, US dollars (Federal State Statistic Service, 2020).

On Figure 2.2 there are main import partners of Russia, where we can see the prevalence of China that was rising in the last 4 years. Among top-5 partners, there is the USA, the import of which has been growing for the last 3-4 years. On the second place, there is Germany that had reduced imports sharply in 2015 but it was rising in 2017-2019.

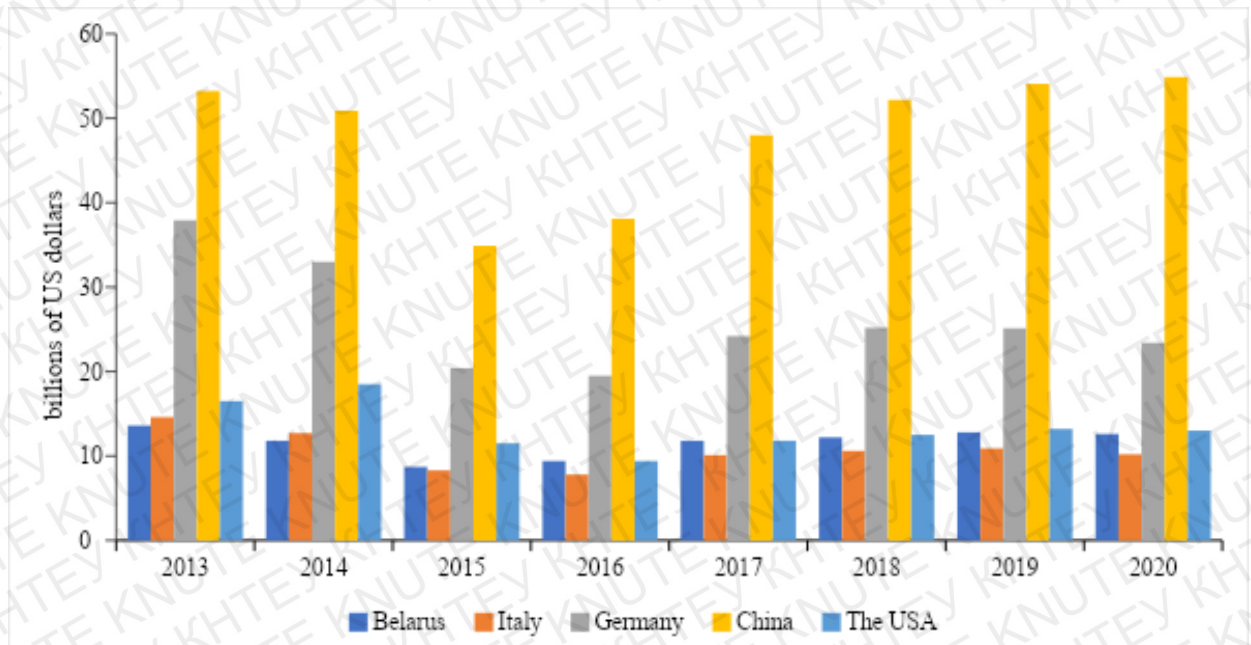


Figure 2.2. The biggest import partners of the Russian Federation from 2013 to 2020, US dollars (Federal State Statistic Service, 2020).

Analyzing the export of Russia by its regions, we can see that the EU is still the biggest partner. The EU share in Russian exports was equal to 62,2%, while the Asia-Pacific region – 14 % (at the second place), the third and fourth places were taken by the Middle East and North Africa and by North America in 2011. In 2013, the division was similar, however, we can see a gradual reduction of the EU share and an increase of East Asia and Pacific. In 2015, there was a sharp drop in the EU share – 54,77%, but East Asia and the Pacific showed 18,56%. However, from 2017-2019 the EU share has increased significantly, it was 63,59% in 2019, and the share of East Asia and Pacific also has grown to 22,25% (Figure 2.3).

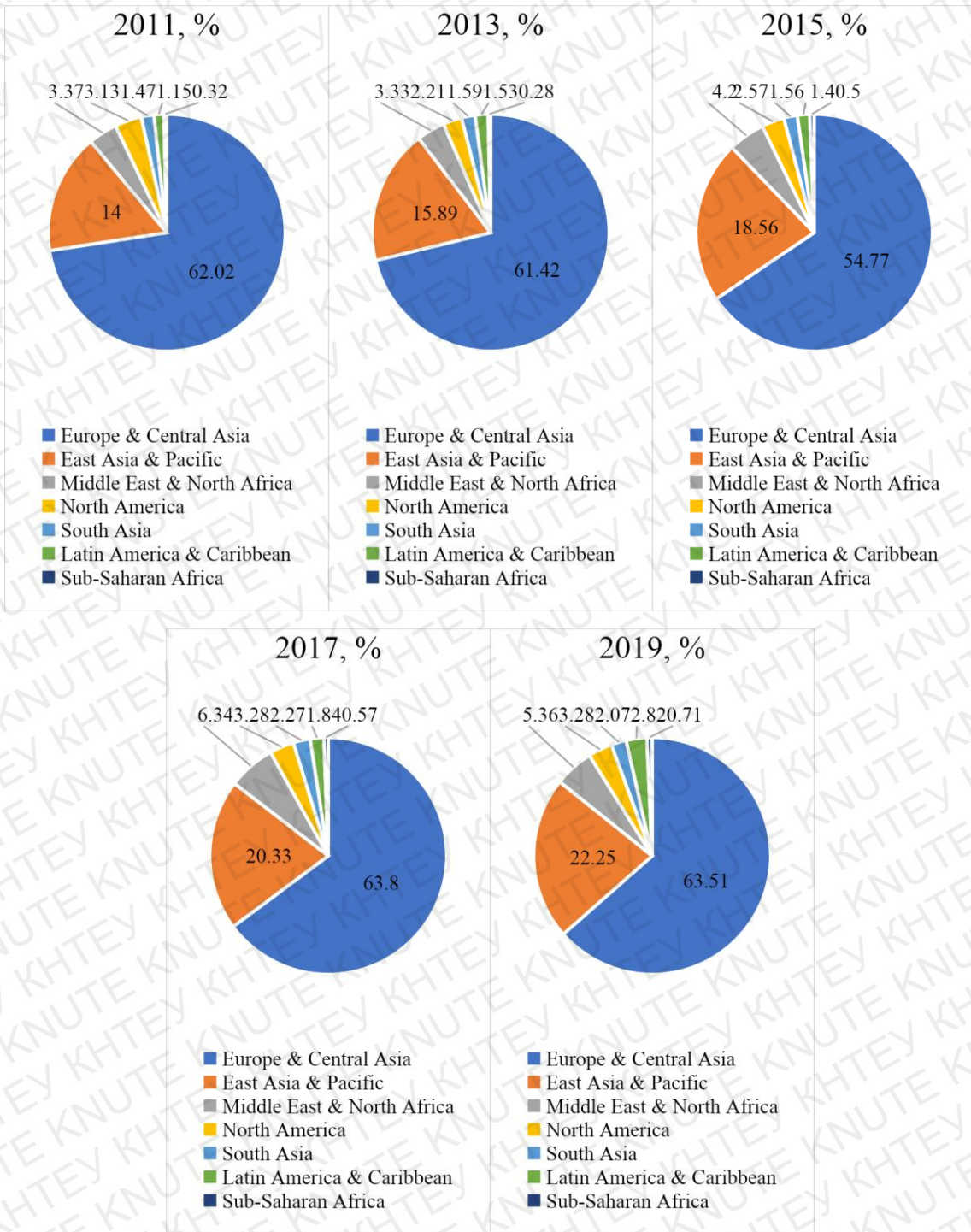


Figure 2.3. Russian exports by regions in 2011, 2013, 2015, 2017, 2019, % (The World Integrated Trade Solution, 2021).

Analyzing the import of Russia by region, we can see that the EU is also still the biggest partner. The EU share in the Russian export was equal to 59,16%, while the Asia-Pacific region – 27,32% (at the second place), the third and fourth places were taken by North America and by Latin America and the Caribbean in 2011. In 2013, the division was similar. In 2015, there was a sharp drop of the EU share –

51,36%, but East Asia and the Pacific showed 29,98%. During 2017-2019 the EU share had similar indicators, it was approximately 51-52%. North America (5,81%) and Latin America and the Caribbean (3,18) were at the third and fourth positions also in 2019 (Figure 2.4).

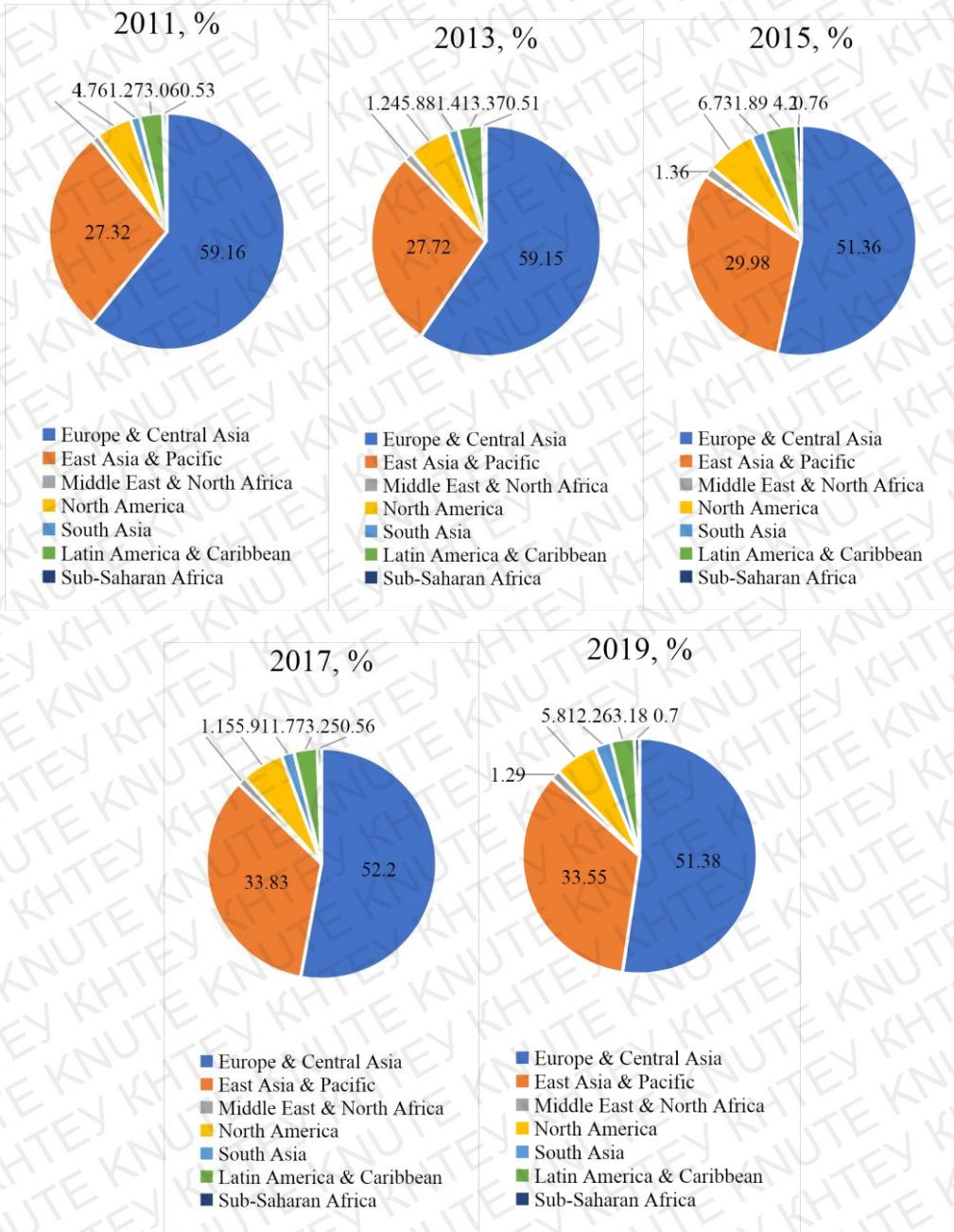


Figure 2.4. Russian imports by regions in 2011, 2013, 2105, 2017, 2019, % (The World Integrated Trade Solution, 2021).

Despite the fact that the EU is the biggest trading partner for Russia, the relations have been intense since 2013-2014. In 2014, in response to Russia's involvement in the Ukrainian crisis, during which Russia annexed the Crimea region

of Ukraine and then occupied eastern territories of Ukraine, the EU adopted sanctions against Russia.

The EU adopted sanctions in three phases, each one was intended to increase the pressure on Russia until it fully implemented the terms of the Minsk peace agreements. The first phase of sanctions included the suspension of the negotiation process between the EU and Russia on visa facilitation and a new partnership agreement, in addition, a group of powerful people was subject to sanctions. The G8 summit, in which Russia had to take part, excluded the Russian Federation and changed the venue. The first phase of sanctions was implemented on the 6th of March in 2014. The next phase started in 11 days imposing restrictions in the form of a ban on the entrance to the EU territory and asset freezing of officials. The EU made the list of sanctions that included individuals and Russian companies that have supported the violation of Ukrainian territorial integrity and sovereignty in July 2014. The European Bank for Reconstruction and Development (EBRD) stopped financing new projects in Russia, and the European Investment Bank (EIB) suspended all cooperation programs (in 2013, the EBRD funding amounted to about 2,5 billion dollars, the EIB – 1,4 billion dollars). On July 17, Boeing 777 was shot down by terrorists of the self-proclaimed DPR – the Donetsk Public Republic in the Donetsk region, as a result 298 passengers and crew members, mostly Europeans, died. This occasion significantly increased the EU activity in countering terrorism in eastern Ukraine. After that, the EU announced additional sanctions against Russia that were imposed on individuals.

The third phase of sanctions was directed to the main sectors of Russia. The EU imposed sanctions on the energetic and financial sectors, military sphere. Financial sanctions were imposed as restrictions on Russian banks (state-owned financial institutions with a share of more than 50%). It was also forbidden to issue Eurobonds for state banks and to issue shares for European owners. The same restrictions were applied to state institutions of the Russian Federation, corporations, and agencies with a share of state ownership of more than 50%. In the energetic

sector, sanctions affected the oil sector and prohibited the export and re-export of high-tech equipment to Russia (European Council of the European Union, 2021).

According to the EU policy, there were main types of EU restrictive measures:

- 1) Diplomatic measures – the summit of G8 was suspended and a G7 meeting was held in Brussels in 2014. Also, the EU is against the negotiations with Russia during summits of the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA);
- 2) Individual restrictive measures are the ban on entering the EU countries and asset freeze of more than 185 people, 48 entities because they oppose the integrity and independence of Ukraine;
- 3) Restrictions on Crimea and Sevastopol including an export ban on some goods and services, full import ban on goods, restrictions on investments and tourism;
- 4) Sanctions on specific economic spheres (financial market – primary and secondary capital markets, ban on the arms trade, trade ban on dual-use goods one of which is military, limited use of some technologies and service-connected to the oil production);
- 5) The EU members suspended financial operations to the Russian Federation, funding bilateral and other mutual programs (European Council of the European Union, 2021).

As a result, the Russian economy was affected by sanctions. All spheres were impacted, the direction of the Russian Federation was unclear. In 2014-2016, there was even a financial crisis because of the sharp devaluation of the Russian currency because the biggest partners started to withdraw capital and suspend financial flows between countries.

2.2. Impact of the European Union economic sanctions on the Russian Federation economy

The Russian economy was affected by the EU sanctions. In 2014-2016, there was a financial crisis because of the sharp devaluation of the Russian currency. The inflation in Russia during 2011-2013 was 6,3% on average when there were 11,4% and 12,9% in 2014 and 2015 accordingly. Last years the inflation was moderate – from 4,27% in 2018 to 4,91% in 2020 (Worldwide inflation data, 2021). The sanctions influenced the GDP of the Russian Federation – the growth of nominal GDP was less than 1% in 2015 and fell to 98,03% of the volume in 2014 that is shown on Figure 2.5 (Federal customs service, 2021).

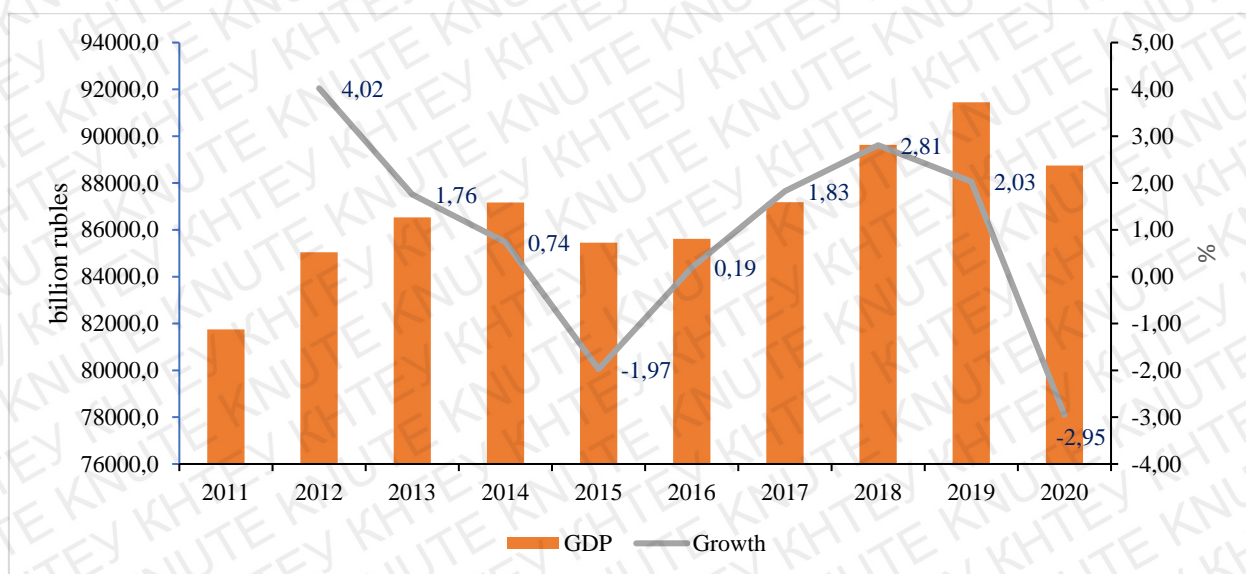


Figure 2.5. The Russian Federation's nominal GDP and the growth of nominal GDP in 2011-2020 (Federal State Statistic Service, 2020).

According to Figure 2.6, we can see the real GDP growth of the EU, the Russian Federation, and Ukraine from 2013-2020. There was the biggest drop in 2015 because of sanctions, so we can see the influence on all countries, but Ukraine had the biggest impact. However, the Russian Federation had a positive trend to grow to start from 2015 to 2018. The gradual increase had been shown in the EU economy till 2017. After 2017-2018 there was a reduction and sharp drop in 2020 due to the world pandemic. Ukraine was affected significantly in 2013-2015, the growth in 2016-2019 was rapid, but it was impacted by the world crisis in 2020.

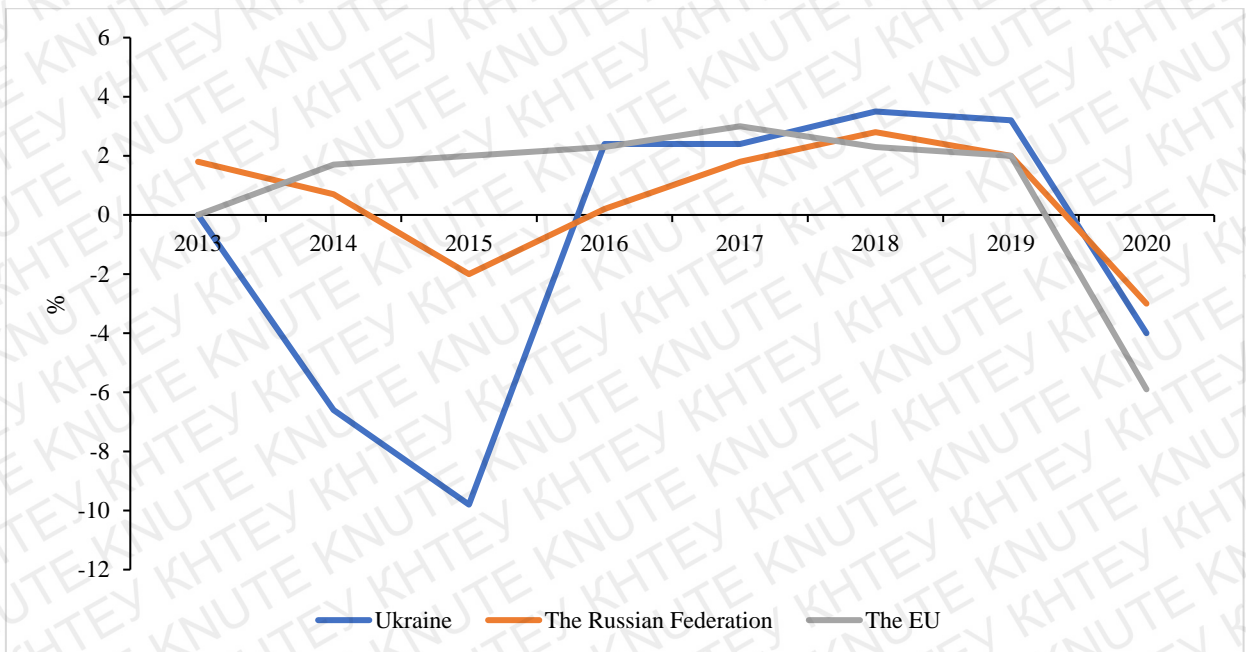


Figure 2.6. Annual percent change of real GDP in 2014-2020 (International Monetary Fund, 2021; State Statistics Service of Ukraine, 2021).

The dynamics of the Russian Federation and the EU relations can be reflected with the export and import annual data. On Figure 2.7 we can see that there was a sharp decrease in 2015 when the EU sanctions increased and there was stagnation for 2 years, till 2016. However, we can see rising indicators of Russian export and trade balance in 2017 and 2018. The trade balance shows how export exceeds import, so the best indicator was in 2018 (Table 2.1). During 2014-2016 there was a decrease in exports and trade balance, an increase - in 2017-2018, and a gradual reduction in the last 2 years. The Russian Federation decreased imports in 2014-2015, rose in importation during 2016-2017, and counts stable indicators last years.

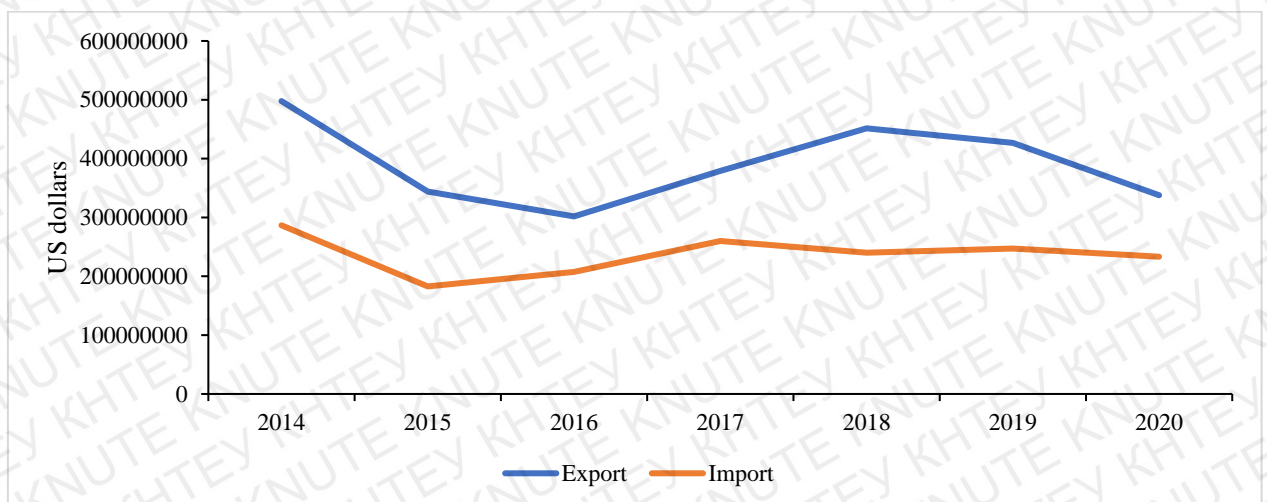


Figure 2.7. Import and export of the Russian Federation (Federal State Statistic Service, 2020).

In 2020, Russia's trade turnover decreased to 84,74% compared to the previous year and amounted to 577 billion US dollars. At the same time, exports decreased by more than 20% to 337,66 billion US dollars (according to the Ministry of Economic Development of Russia, mainly due to a decrease in the supply of fuel and energy products, wheat, steel semi-finished products, and diamonds), and imports decreased by 5,58% to 233,35 billion US dollars (Table 2.1). Russia's foreign trade balance fell by more than 40% to 104,3 billion US dollars. The same decreasing trend we can see in 2019, however in 2017-2018 there was a positive tendency, in 2015 – negative. Comparing with 2013 the export and import decreased significantly. There were the worst indicators during last 8 years (The World Bank, 2021).

Table 2.1

International statistics of the Russian Federation from 2014 to 2020

	2013	2014	2015	2016	2017	2018	2019	2020
Export	527265 918,9	497833 528,8	343907 651,8	3017804 43,4	3792066 06	451494 828,2	4267203 32,7	337663 489,2
Import	314945 095	286648 776,9	182781 964,8	2074405 04,4	2599666 80,3	240225 755,9	2471613 42,9	233358 642,3
Trade Turnover	842211 013,8	784482 305,7	526689 616,6	5092209 47,8	6391732 86,3	691720 584,1	6738816 75,6	571022 131,5
Trade balance	212320 823,9	211184 752	161125 687	9433993 9	1192399 25,7	211269 072,3	1795589 89,8	104304 846,9
Export growth, %	-	94,42	69,08	87,75	125,66	119,06	94,51	79,13

Table 2.1 prolongation

	2013	2014	2015	2016	2017	2018	2019	2020
Import growth, %	-	91,02	63,77	113,49	125,32	92,41	102,89	94,42
Trade turnover growth, %	-	93,15	67,14	96,68	125,52	108,22	97,42	84,74
Trade balance, %	-	99,46	76,30	58,55	126,39	177,18	84,99	58,09

Source: author, based on the World Bank data.

To understand the Russian Federation's economic situation further, we have analyzed different economic indicators. During 2014, the Russian economy was severely affected by the lowering of oil prices, which plummeted from a price of 97,6 dollars per barrel to 51,2 dollars per barrel by the end of the year. In January 2016, oil prices had fallen to a low of \$27.1 per barrel, after a slight recovery at the beginning of 2015.

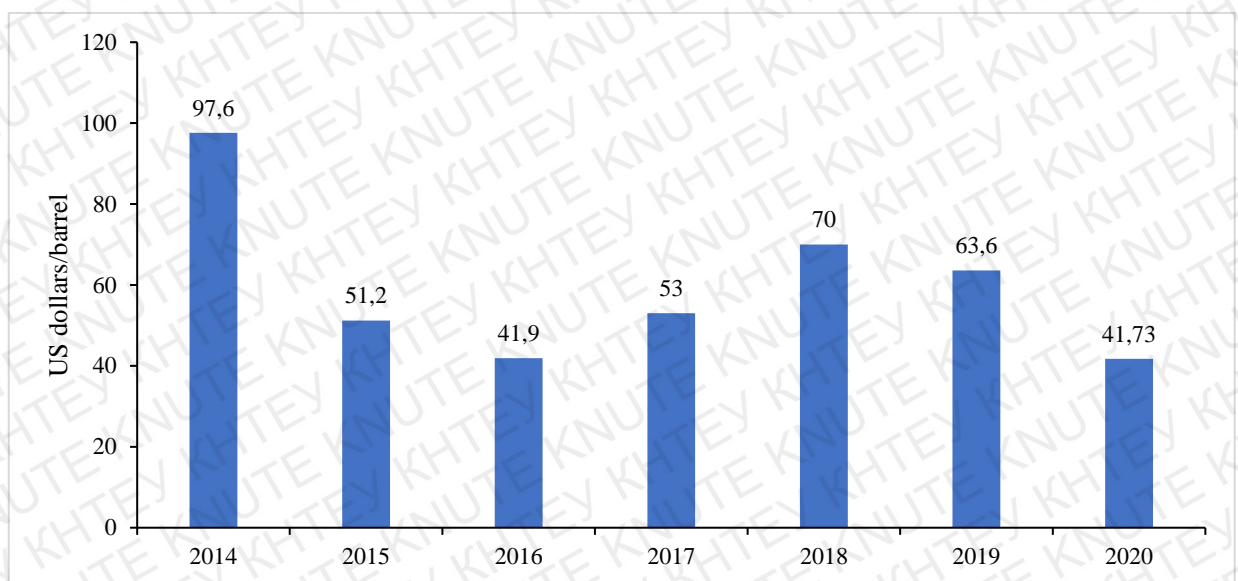


Figure 2.8. The average annual price of Urals oil per barrel in 2014-2020, US dollars. (Ministry of Finance of the Russian Federation, 2021).

The collapse in oil prices occurred also in March - April 2020. At the beginning of spring, the prices for offshore shipments of Russian oil from the Urals exceeded 50 dollars per barrel, while on April 1 the Urals fell to 10,54 per barrel (CIF Rotterdam), which was the lowest since March 1999. By the end of April, the Urals rose in price to 16,39 dollars per barrel, and in early May, the price exceeded

42 dollars per barrel (Argusmedia, 2020). The average price reached 41,73 dollars per barrel in 2020 (Fig. 2.8). The reason for the collapse was the pandemic when the supply was much bigger than demand.

Global oil prices have a significant impact on Russia's economy. Approximately half of the Russian federal income comes from oil exports, which account for more than two-thirds of the country's exports. The Russian economy became highly dependent on oil incomes at a time when oil prices were rising, and since then it has not been able to compensate for its lower prices even by increasing its gas exports as oil accounts for more than 80% of all Russian raw material exports. As a result of the huge shortfall in governmental revenues, the Russian government was able to at least partially compensate by using the reserve fund that was regularly topped up by oil export earnings during times of high oil prices. The Russian Federation has spent almost two-thirds of its disposable funds in 2015 and 2016 to cover the deficit in the state budget (Tyll, & Pernica, 2018; Moscow Exchange, 2021). The same situation was in 2020. In 2020, the average oil price was below 42,4 dollars per barrel – cut-off price. As the price of oil falls below the cut-off price, the losses in oil and gas revenues are compensated by these funds.

Oil price fluctuations heavily affect the Russian ruble. In response to oil price declines, it has devalued considerably. The devaluation of the ruble could be further caused by new sanctions imposed by Western countries and Russian counter-sanctions. These measures led to a significant outflow of foreign direct investments (FDI) from Russia. On Figure 2.9 we can see the FDI outflow, so the outflow in 2013 and 2014 exceeded the amount in 2008.

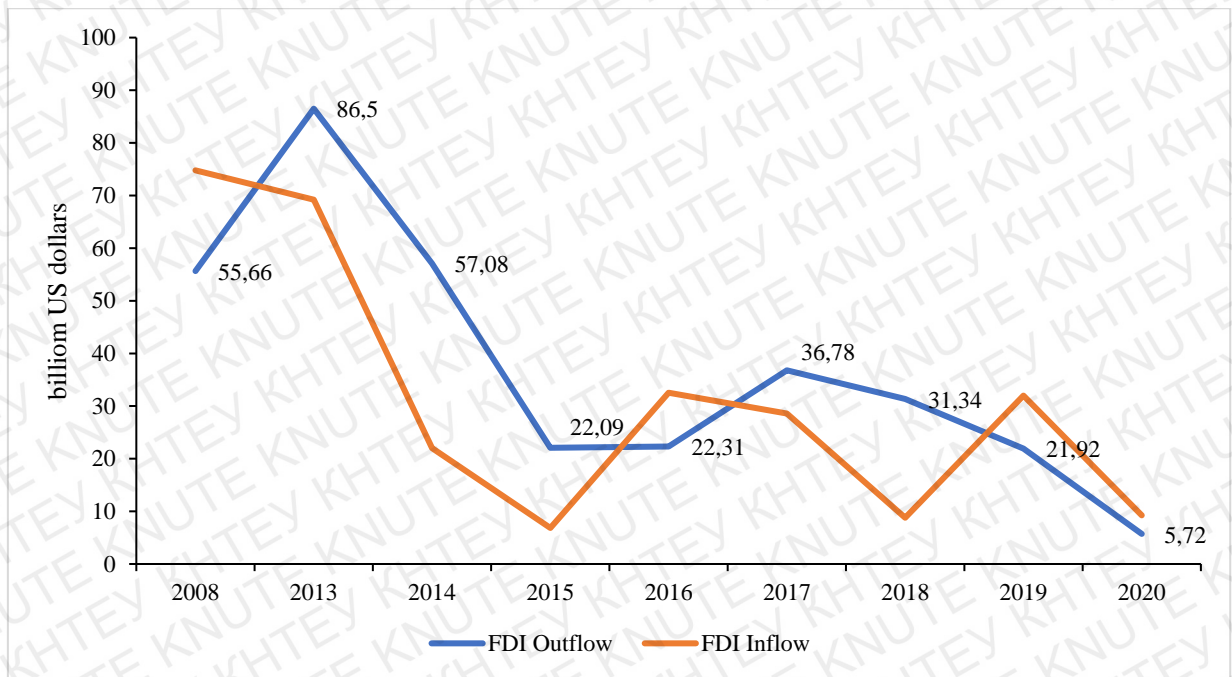


Figure 2.9. FDI outflow and inflow (The World Bank, 2021; Trading economics, 2019).

It is important to count net investments per year. In the table (Appendix B) there is the outflow and inflow data, so we decided to count net indicators by subtracting outflow from the inflow. The biggest negative indicators were in 2014 (-35,05 bn dollars), in 2018 (-22,55 bn dollars), in 2013 (-17,28 bn dollars), the last two years there was a positive trend, but it was much lower than during the crisis in 2008.

As there is the interdependence between Brent oil and Urals oil and the connection to the fluctuation of the ruble, on Figure 2.2.1 we can see that the trend in the ruble to US dollar repeats the trend fluctuations of price per Brent barrel (Minfin, 2021).

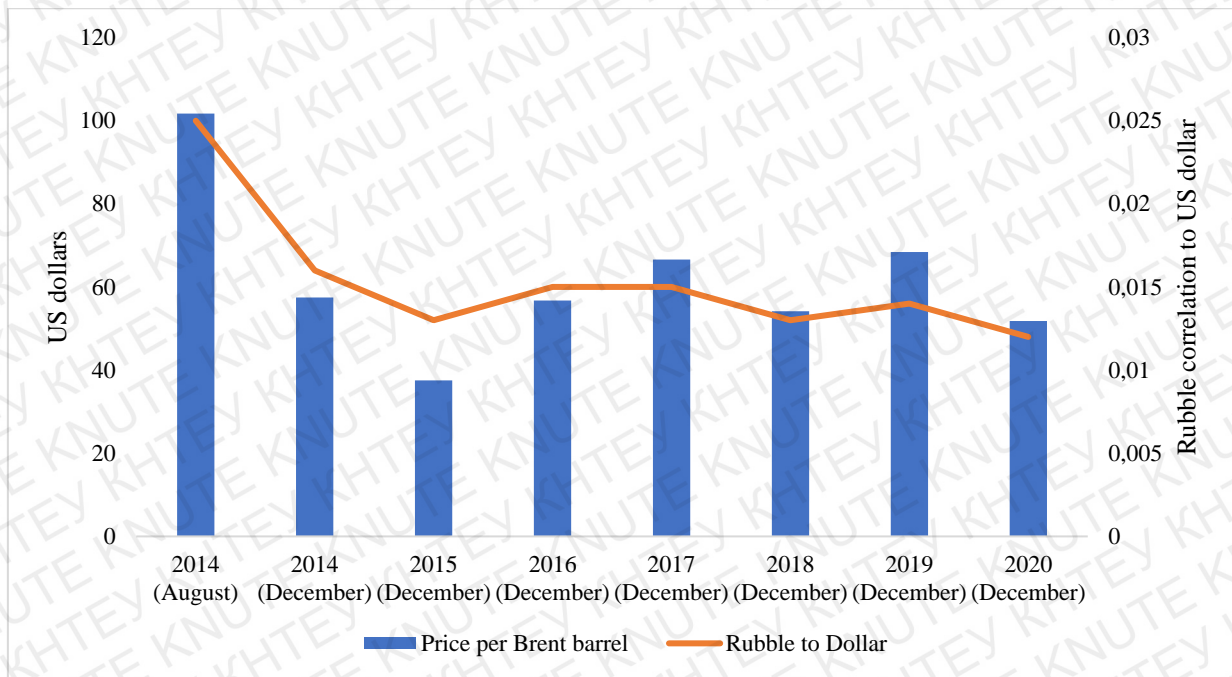


Figure 2.2.1. Price per Brent barrel and course of ruble to US dollar from 2014 to 2020 (Minfin, 2021).

The situation in the Russian Federation has stabilized starting from 2017-2018. However, the main sanctions that impacted the Russian economy were financial sanctions. Russia's international funding has been severely restricted by financial sanctions, and the effect has been palpable but has been under-recognized. In addition to freezing Russian companies' access to Western financial markets, the USA administration also discouraged Western firms from investing in Russia. Several of Russia's biggest banks and companies were banned from issuing loans with maturities exceeding thirty days, ensuring that Western creditors avoided long-term business relationships with multiple Russian counterparts without payments being denied.

Russia hoped to bypass Western sanctions by turning to China and the Persian Gulf, however, none of the four big Chinese state banks were willing to offer loans to the Russian government, since all of them were operating in the United States and were painfully aware of the risk of sanctions. That is why Russia focused on two areas. As a first step, it reduced public spending and forced its banks and large corporations to clean up their balance sheets. The decline in foreign credit was partly caused by sanctions and investor sentiment, and partly by a sense that the economy

needed a safety net. As food imports from the EU were banned so that local production could flourish. However, they were not competitive among foreign products so that country could sell them only on the internal market. Due to the facts above Russia has reduced its debt (Figure 2.2.2).

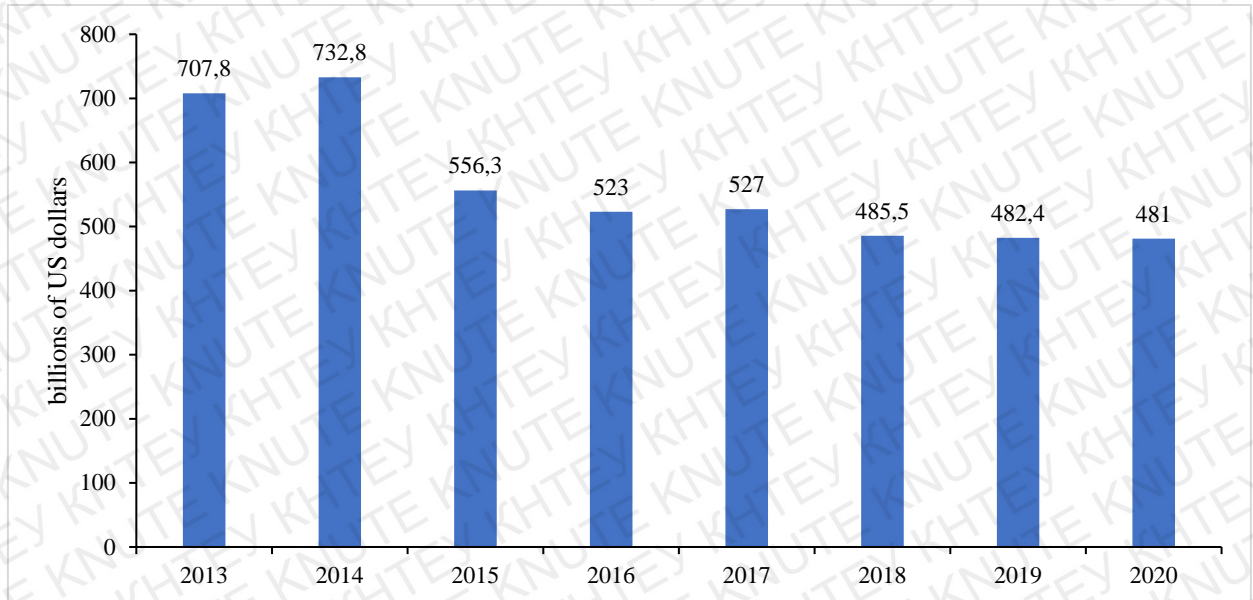


Figure 2.2.2 Debt of the Russian Federation in 2014-2020 (Trading economics, 2021).

Moreover, sanctions were imposed on three oil types - arctic oil, deep sea oil, and shale oil. These sanctions did not have any immediate impact. It was cautious not to impose sanctions on the import of oil that could harm the West, as Russia was a large exporter and a global shortage of oil could also be beneficial to Russia. However, western oil sanctions are causing the country to fall behind in technology by not permitting Western companies to invest in high-end oil-extraction technology in Russia or with Russian companies (Aslund & Snegovaya, 2021).

We propose to count RXA and RCA indexes of main export products to estimate whether the export of Russian goods is still competitive on the international market. For that, we gathered data about Russian export in general and by-products and world export data.

The RCA index shows the ratio of the country's exact product export correlation to the whole export of the country and the world exact product export correlation to the whole world export.

$$(2.1) \quad RCA_{ij} = \frac{E_{ij}}{E_j} : \frac{E_{iw}}{E},$$

where E_{ij} , E_{iw} - the value of exports of goods j for countries i and world exports of goods j ;

E_j , E are total exports of the country and the world.

In Appendix C there are the data and correlation indicators. So, the results are divided into 4 groups:

- 1) Group "A" means that the country has no comparative advantages in international trade of these goods: $0 < RCA \leq 1$
- 2) Group "B" means the country has weak comparative advantages in international trade of these goods: $1 < RCA \leq 2$;
- 3) Group "C" means that the country has moderate comparative advantages in international trade of these goods: $2 < RCA \leq 4$;
- 4) Group "D" means that the country has significant comparative advantages in international trade of these goods: $4 < RCA$;

The results show that the Russian Federation has weak comparative advantages in agricultural raw materials, ores, and metals but there was a decrease in 2015-2016. The Russian Federation had significant comparative advantages in fuels in 2013-2014 (indicator was bigger than 4) but then it was reduced to 3,08 in 2016, which is equal to 3,85 in 2020. Iron and steel took one of the first places in 2020, it is growing and the country has moderate advantages.

The RXA index shows the ratio of the country's exact product export correlation to world product export and the whole country's export correlation to the whole world export. The indicator should be bigger than 1, so the country specializes in the international trade of these goods. Values between 0 and 1 indicate no advantage. So we can see that $RXA = RCA$, they approve of each other.

$$(2.2) \quad RXA = \frac{E_j^i / \sum_n E_j^n}{\sum_k E_i^k / \sum_n \sum_k E_{jk}^n},$$

Where E – export, I – country, j – product, n – number of all countries, k – total products (Pochernina, 2017).

Another Index LFI (Lafay index) helps us to understand the real comparative advantages of the products Russia is specialized in. If the index is bigger than 1, it means that the country has the comparative advantage (Shubravska & Prokopenko, 2020). The biggest index of the Russian Federation is in the fuels industry (2555,42), agricultural raw materials, ores and metals, iron and steel (11,34) in 2013. In 2014 machinery and transport equipment were added. We can see that there is a permanent decrease in the fuels industry comparative advantage, 958,63 in 2020. Agricultural raw materials, ores, and metals had positive trends in 2013-2020. Pearls, precious stones and non-monetary gold, iron and steel have a comparative advantage according to the index accounted for last year.

It is important to assess the position of Russia in the international rankings to understand the level of competitiveness of the Russian Federation. We compared such indexes and rankings as the Ease of Doing Business index, the Economic Freedom of the World index, the Global Competitiveness Index, the KOF Globalization Index and credit rankings of Moody's, Standard & Poors, Fitch.

The Ease of Doing Business index includes such factors: how to start a new business, the construction permit process, electricity availability, property registration, how to get credit, to protect investors, pay taxes, trade across borders, enforce contracts, resolve insolvency. Despite the sanctions and impact of the biggest partners, the Russian Federation has improved its position every year since 2014 and now has 28th place among 190 countries. The EU representatives (Germany, Netherlands, and Italy) have changing trends of positions (Fraser Institute, 2021).

The Economic Freedom of the World index shows the support and availability of economic freedom in the country, analyzing such factors as governmental policy, legislation, sound money, international trade of the country, regulation, and control. According to Appendix A, we can see that during 2014-2017 Russia took rear positions, but it started to improve considerably (World Economic Forum, 2021).

The Global Competitiveness Index measures the ability of a country to provide high levels of prosperity to its citizens, which depends on the productivity

of its use of resources. It is also based on the infrastructure, institutions, health and education, stable macroeconomic environment, the ability to leverage existing technology, developed labor market, competitive export markets, size of the domestic and international markets, efficient production processes, and innovative goods. By the ranking from 2014-2019 The Russian Federation improved the position, Germany lowered the indicators, while Italy and Netherlands improved significantly (Global Competitiveness index, 2021).

The KOF Globalization Index measures the social, political, and economic aspects of globalization. By analyzing the index, we can see that during 2015-2016 the country improved its positions, worsened in 2016-2017, increased in 2018-2019. Germany has strengthened its position in the last 3 years (ETH Zurich, 2021).

Table 2.2

Credit ratings of Russia in 2012-2020

Ranking	Estimation by year				
	2012	2014	2016	2018	2020
Moody's	Baa1	Baa2	Ba1	Baa3	Baa3
Fitch	BBB	BBB	BBB-	BBB	BBB
Standard & Poor's	BBB	BBB-	BB+	BBB-	BBB

Source: FitchRatings, 2021; Moody's, 2021; S&P Global Ratings, 2021.

Talking about credit risk ratings, the drop in Russia was in 2014 that is shown in Table 2.2. Russian monetary policy flexibility became more limited, and its economic growth prospects have weakened. We see an increased risk that external and fiscal buffers deteriorate due to rising external pressures and increased government support of the economy. The same negative forecast was in 2016 because of sanctions and the price decrease of oil. However, all ratings belong to a stable ranking. Last 3 years the credit ranking has been stable with a constant forecast that shows a positive tendency of investment attraction and does not reflect a decrease in the economy (Foy, 2020).

To sum up, the sharp drop happened mostly in different spheres from 2015 to 2017 but after that period there was an increase in investments, stabilization of the ruble, and export of many goods. The fuels industry was affected significantly but it has remained one of the most profitable spheres for the country yet. FDI has decreased considerably in 2013-2015, there was an increase in 2018-2019, but it is not comparable even with 2008. Besides sanctions, factors such as pandemics impacted even more severely so the country used its financial reserves to support the economy. Imposed sanctions influenced many Russian spheres but the country showed that it could adapt to them. In our opinion, the international indexes do not show the exact situations whether the sanctions influenced the Russian economy because some of them demonstrate the decline of the Russian Federation, others are exactly opposite considering that most factors of indexes coincide.

Conclusions to part 2

According to the statistical information of the GDP and the growth, the Russian Federation was impacted negatively in 2015-2017, but in 2018-2019 there was growth. As in 2013, the EU is still the biggest trading partner of the Russian Federation by geographical division. Among all countries, the biggest export partner has been changed – from the Netherlands to China. According to the international rankings, Russia lost positions in the Economic Freedom of the World index in 2015-2017, however, it was improved in 2018, other ratings showed the improvements as Ease of Doing Business index, the Global Competitiveness Index, The KOF Globalization index. That is why we think the international rankings do not provide the real situation. The financial sector was impacted mostly: FDI has decreased considerably in 2013-2015, there was an increase in 2018-2019, but it is not comparable even with 2008. Some spheres remained competitive internationally, they are agricultural raw materials, ores, and metals with weak comparative advantages; fuels industry, iron, and steel with moderate comparative advantages according to the RCA and RXA indexes. Having counted the LFI index there is a similar tendency, where pearls, precious stones, and non-monetary metals, machinery sector also are added. The fuels industry was affected significantly but it

has remained one of the most profitable spheres for the country yet. Besides sanctions, such a factor as pandemic impacted even more severely so the country used its financial reserves to support the economy.

PART 3. ECONOMIC COUNTER SANCTIONS OF THE RUSSIAN FEDERATION AGAINST THE EUROPEAN UNION

3.1. System of Russian economic restrictions against European Union

As a result of the Western sanctions, Russia ceased to import certain agri-food items from the USA, EU, Canada, Australia, and Norway (and later also from Montenegro, Albania, Liechtenstein, Iceland, and Ukraine). All kinds of beef and pork are included in this ban, as well as poultry and poultry products, smoked food and sausage, milk and dairy products including raw milk and all dairy products as well as fish, vegetables, and fruits.

The embargo on imports of EU products had the unintended side effect of stimulating the domestic production of food in Russia. The Russian agri-food counter-sanctions, in addition to the political economy, had domestic consequences. The embargo boosts domestic food production and reduces import dependence. For some foods, such as pork and poultry, the sanctions increased domestic production, and a lower import of cheese was partially offset by an expansion of domestic cheese production. However, for other food items, such as beef, the sanctions failed to boost domestic production. Due to increased production costs, however, prices have increased significantly (Agra Europe). The demand for beef (pork replaced beef) also changed as a result of the embargo and waning purchasing power of Russian households (WIFO, 2017).

In contrast, EU exports of food products to Russia decreased during 2014-2018 in meat - beef and pork, negative trend has been in poultry and poultry products where the biggest decrease was during 2014-2016. Milk and dairy product exports were also impacted and reduced to 77,09% in 2014, and only to 13,55% in 2016, in 2018-2020 it has been growing. Export of fish has unstable positions (in 2014 it increased more than 2 times, but it was reduced in 2016 and 2020. The decrease was also in export of both vegetables and fruits, but now there is a positive trend in fruits.

Table 3.1

Russian import of some products from the EU in 2012, 2014, 2016, 2018, 2020

	2012	2014	2016	2018	2020
Product	Import, US dollars				
Meat - beef and pork	3700090655	627200212	15869256	4641334	6421487
Poultry and poultry products	1528793516	138437753	36094364	29426834	19384902
Milk and dairy products	1595105906	1231322064	166822165	193183837	219741752
Fish	37394100	138166000	111539100	120326300	109206900
Vegetables	867017827	678640476	58529354	56722286	52160498
Fruits	1677112610	1079447348	71159221	93430830	111516233
	Growth, %				
Meat - beef and pork		-83,05	-97,47	-70,75	38,35
Poultry and poultry products		-90,94	-73,93	-18,47	-34,13
Milk and dairy products		-22,81	-86,45	15,80	13,75
Fish		269,49	-19,27	7,88	-9,24
Vegetables		-21,73	-91,38	-3,09	-8,04
Fruits		-35,64	-93,41	31,30	19,36

Source: author, based on the statistical data (UN Comtrade Database, 2021).

Russian representatives mentioned the use of sanctions for Russia. Russian President Vladimir Putin has repeatedly stressed that the negative effect is exacerbated by import substitution policies in the country. Besides a ban on food and also on agricultural product imports, Russia imposes personal sanctions on officials, most of them are the USA and EU representatives. The main indicator that shows the real reaction of the Russian Federation to policy sanctions against it, is a set of actions aimed at destabilizing the internal politics of the EU. Russia is primarily interested in weakening the European Union as an institution, so Russia tries to strengthen its geopolitical power. A successful example of such activities can be considered the implementation of the project "Nord Stream - 2", which was actively supported by Germany, but which the United States was trying to oppose. The Russian Federation used the situation of tense relations between the USA and

the EU. Till 2020, the protectionism policy of the USA was directed to tariff and non-tariff measures against not only China but also against the EU. Firstly, that was imposed on steel and aluminum. According to President Trump's plan, US tariffs would allow the American steel industry to recover production at previously closed plants, and increase the total output of the products. Then the EU responded to such measures by imposing tariffs on the USA export to the EU. Countries decided to set such restrictions and compete. These actions caused harm to the relations because the USA pursued an aggressive policy concerning the EU and was even obliged to buy the liquefied gas in order not to set new restrictive measures. That is why Europe changed its relations with Russia and agreed to support the pipeline project "Nord Stream-2" to bypass Ukraine. The pipeline means that Germany gets gas without any barriers and intermediaries through the Baltic Sea. After the inauguration of the new president Joseph Robinette Biden, suspension of the Nord Stream-2 project was impossible, so on 15th, September 2021 the pipeline was ready to start in work (Koval, 2021). On the one hand, it will play a key role in implementing Europe's long-term decarbonization strategy, which will increase the project's importance for the EU in decades to come. On the other hand, the gas pipeline reduces the importance of Ukraine for this purpose (Gazprom, 2021).

Adopting the status quo to the sanctions regime against the Russian Federation cannot have an effective impact on the Russian Federation internationally. On the one hand, the lack of effective adjustment of sanctions forms opportunities to find workarounds for the same sanctions. On the other hand, the lack of political dividends from the sanctions regime against Russia necessitates seeking to improve the sanctions regime in combination with other instruments that would be more effective than the exact sanctions.

The Russian Federation, which formally remained a global player in the mid-2000s according to international relation connections, but was not a global player according to economic potential. The growth of oil and gas revenues, stabilization of the domestic political situation forced the Russian elites, made Russia a global player. During the same period, Western countries continued to try to influence the

post-Soviet space, from projects to support Georgia and Ukraine to attempts to expand into Central Asia, while limiting the Russian Federation to cooperate closer in European direction because of the crisis in the Balkans and NATO enlargement.

However, Western countries included Russia in G8, Russia-NATO forum, G20, etc., to emphasize the perception of Russian elites as important partners. Russia as a state in this period finally secured the status of one of the main suppliers of raw materials to European markets. But the war in Georgia and the gas conflicts with Ukraine allowed Russia to keep influence on its geopolitical periphery. However, the policy of annexation of Crimea and the war in the Donbas region caused pressure on the Western policy that forced the Kremlin to play on raising rates, intensifying its presence in other crisis areas.

At the same time, Russia played on the differences in the interests of key states, offering each of them a compromise in the development of relations. With France, it was preservation and expansion of joint programs in Russia, expansion to

African markets, security, and counter-terrorism in the Mediterranean region support the conflict in Libya. With Germany - "Nord Stream-2" gas pipeline project, a revival of trade and economic ties, concessions with the United States in various crisis areas (Venezuela, Syria, Libya, Afghanistan, North Korea, Iran) (Kapitonenko M., & Halushka A., 2019).

The goal of such a policy is to preserve a global player, fixation of the role in the world system of relations, and manipulation with countries. That might allow Russia to get out of the deadlock of technological backwardness.

Thus, pursuing a policy of "raising rates", involving new crisis areas, the Russian Federation seeks to secure the best-negotiating positions. And, ideally, not a single platform, but several, for separate negotiations with each of the players.

3.2. Current situation and prognosis on economic relations between the European Union and the Russian Federation

Many members of the EU collaborate and are very closely intertwined with Russia because of partnership in different spheres. Sanctions and restrictive measures are barriers to their partnership.

1) Energetic partnership. Russia is the largest exporter of oil, gas, uranium, and coal to the EU. The EU, of course, is in turn the largest trading partner of the Russian Federation. Based on this interdependence and common interest in the energy sector, the EU and Russia have agreed to develop a close energy partnership, launching the EU-Russia Energy Dialogue in 2000. Despite this, the EU has imposed sanctions on this sphere since 2014 because of political factors. However, the EU was careful with sanctions on the fuel sphere and because of the tense relations between the EU and the USA, the new pipeline "Nord Stream-2" was constructed. This means that Russia can control and manipulate the EU policy against Russia.

So we can see the manipulation of Russia even now. Last month the EU and the USA decided to limit future gas supply through the Nord Stream 2 because the Russian Federation will dictate its rules and the EU will be dependent on Russian fuels directly. Now we can follow news about the EU crisis in gas because it used all reserves last season, so the price for citizens is 400% higher than last winter (Gubaev, 2021). Russia proposes to start a new pipeline in work, but it should be approved by special EU organs within 4 months and the amount of gas will be limited later. Now Russia is ready to supply more gas but in the case of starting the Nord Stream 2 work. The country tries to manipulate and as a result, it can affect the imposed sanction easing of the EU. The EU is looking for a solution, one of them is potential supply from Norway, however, the gas savings in Norway are limited in quantity here. So, in perspective, the EU can be manipulated by such Russian measures.

2) Trade. The main categories of exports from the EU to Russia are equipment, transport equipment, medicines, chemical products, and other industrial goods. The

main categories of imports into the EU from Russia are raw materials, in particular, oil (crude oil and refined oil) and gas, as well as metals (primarily iron/steel, aluminum, nickel). Wine and spirits in 2019 still accounted for 700 million euros.

The EU is also a key foreign investment partner of Russia. The total volume of foreign direct investment (hereinafter - FDI) in Russia from the EU in 2018 amounted to 277 billion euros, and the volume of FDI in Russia to the EU - 89 billion euros.

The positive impact of Russia's accession to the WTO in 2012 on bilateral economic and trade relations, unfortunately, was offset by the consequences of sanctions and import substitution policy, which Russia continues to adhere to. The deteriorating economic situation in Russia, caused in part by the aggravation of the political situation, has become a deterrent in bilateral trade relations with the EU. In this context, Russia has also adopted laws aimed at reducing the share of imported products in various sectors, such as wine and spirits and seeds for sowing.

3) Combating climate change. Protection of the environment is a key area for both the EU and Russia. The EU and Russia are parties to the UN Framework Convention on Climate Change (UNFCCC) and acceded to the Paris Agreement (the EU ratified the agreement in October 2016 and Russia in September 2019). The Paris Agreement is the first universally legally binding global agreement aimed at preventing dangerous climate change by keeping global warming well below 2 °C (target of 1.5 °C).

In November 2019, President Vladimir Putin signed a decree instructing the government to reduce greenhouse gas emissions to 70% by 2030 compared to 1990. This was Russia's "nationally determined contribution" to the Paris Agreement. In December 2019, Russia adopted a national plan for adaptation to climate change for the period up to 2022. In addition, a low-carbon development strategy and the law on limiting greenhouse gas emissions will soon be adopted.

The Russian Federation, which accounts for 5% of the world's greenhouse gas emissions, is the fifth-largest source of such emissions after China, the United States, the European Union, and India. Emissions per capita and emission intensities in

Russia are high. As one of the largest suppliers of gas, oil, and coal with low energy efficiency, Russia is also a country with the world's largest forests. Due to Russia's close geographical neighborhood with the EU, its climate policy has not only a global but also a direct impact on the EU due to the risks of carbon migration and distortions of competition in trade in energy and goods. Russia has vast territories with an intact ecosystem; here is 20% of all water and forest resources of the Earth. However, with its unique natural resources, Russia suffers from environmental problems. Some of them were inherited from the Soviet Union, and some were caused by the subsequent development of its economy. Among the most serious threats are biodiversity loss, deforestation, as well as pollution of water, the atmosphere, and soil. Land and sea borders, the interconnectedness of biosystems, and the common risks, environmental problems can and must be addressed jointly by the European Union and Russia. The need for joint action in collaboration with other members of the international community on climate change and global warming is evident.

The European Union cooperates with Russia in the actions against climate change and other environmental issues in the framework of numerous international organizations, conventions, as well as bodies and institutions of the UN system. One example of an international platform on which the EU and Russia are actively working together to achieve the global goal of preventing global warming and its catastrophic consequences for humanity, Framework Convention on Climate Change, UN FCCC.

The European Union and Russia have been working bilaterally on environmental issues since 1995. Over the past twenty years, the EU has supported many projects aimed at raising environmental standards in Russia. However, sanctions and restrictions can interfere to achieve mutual goals.

4) Science, technology, and education. One of the most developed forms of scientific and technological cooperation is the participation of Russian scientists in the EU Framework Programs for Research and Innovation, where Russia has traditionally been one of the most active and successful partners in international

cooperation. In turn, European scientists are actively involved in Russian science and technology programs to attract leading scientists to Russian universities and research organizations. Between 2014 and 2020, the main instrument for cooperation in research and innovation at the European Union level was the EU Framework Program for Research and Innovation "Horizon 2020". Horizon 2020 aimed to develop innovation through the joint work of researchers, innovators, and industry, both inside and outside the European Union. The program was open to all interested parties and organizations from any country in the world, including Russia.

To support Russia's participation in Horizon 2020 and given the fact that Russian participants no longer receive automatic funding from the EU, the Ministry of Science and Higher Education of the Russian Federation has regularly published specialized tenders to offer financial support to Russian Horizon 2020 participants "following its competitive procedures" (Federal Targeted Program "Research and Development in Priority Areas of Development of the Russian Scientific and Technological Complex for 2014-2020"). Another key area for the development of scientific and technological cooperation between Russia and the EU is the creation of research infrastructure, including large infrastructure projects "Mega-science". Russia and the EU work closely together on many projects, such as the European Free-Electron X-ray Laser (XFEL), the Antiproton and Ion Accelerator (FAIR), the ITER fusion reactor, and others.

There are many programs aimed at developing scientific and academic mobility between the EU and Russia. At the EU level, these are, first of all, the Marie Skłodowska-Curie program (as part of the EU Framework Program) and the Erasmus + program. These programs are an important tool for Russia's integration into the European Research Area and the European Higher Education Area (The World Integrated Trade Solution, 2021).

That is why the EU Delegation to Russia and the Russian International Affairs Council initiated the EU-Russia Experts Network on Foreign Policy (EUREN) in 2016, as the community of experts where the fundamental disagreements between parties will be resolved. Experts used the method of scenario-building to forecast the

future of EU-Russian relations to assess and explore potential future. Scenario-building aims to facilitate observation of a rapidly changing, complex reality as well as identify and respond early to emerging factors that could shift current policies. There are 3 main goals: to observe, recognize, and prepare.

According to the scenario-buildings, there are factors that will define relations during the next 10 years:

Changes internally will determine relations between parties in the future;

Ukraine and, by extension, the common and contested neighborhood are likely to be key factors in the coming decade;

As much as on the policies of Russia, the EU, and other external actors, the development of the neighborhood will be determined by the consolidation of statehood in Ukraine and other countries in the region;

As Washington and Beijing continue to compete for influence, EU relations with Russia will be affected. EU and Russia's autonomy and dependency on the United States and China, respectively, will be key factors in their mutual relationship;

There is a close correlation between climate change, policy, technological advancements, and economic relations. There is a chance for economic and technological cooperation when climate policies of the EU and Russia cohere;

Pandemic with border closures, restrictions on traveling has impacted direct communications at social and political levels. The economies of both parties have been hit by the pandemic. Countries will switch from international problems to domestic to address the political and economic issues. In most cases, crisis accelerates processes and affects positively. That is why trade war between the USA and China may be more intensive. Countries such as Russia and the EU with a bipolar international system will lose their positions. The European Union has distanced itself from the economic rivalry between the United States and China but has maintained economic ties with both.

The pandemic has placed additional stress on conflict regions all over the world. It has also complicated international conflict resolution efforts, particularly in the Middle East.

The pandemic is likely to accelerate change in international relations, leading to more intense US-China rivalry. Both the EU and Russia stand to lose from a rigidly bipolar international system.

According to the factors, the experts formulated 4 scenarios till 2030:

1) Cold Partnership. Russia and the EU return to relations in a multipolar world, where they cooperate extensively on issues such as climate change, digitalization, and visa liberalization while still facing major disagreements over European security policies. This situation can be implemented in case the EU remains distanced from the USA's rivalry with China but will maintain ties with both. The Russian Federation will change the policy and start to accelerate the process to return Donetsk and Luhansk territories to Ukraine, ensuring special status. So that most sanctions will be lifted and that will increase the investment environment.

2) Descent into Anarchy. Former allies turn against one another in the aftermath of the COVID-19 pandemic, backed by rival nations including China, the USA, and Russia. The prediction shows the possibility of antiglobalization in the world when every country gets out of the crisis. The EU will disintegrate because most of the members cannot carry responsibilities and invest resources in the union. Subsequently, countries will leave the union. Common police will be destroyed and some of the members will support Russia. The EU support of Ukraine will also be reduced and the situation on the east will be escalated.

3) On the Brink of War. In this scenario, the policy in Russia remained as tyranny where there are many restrictions and bans on information, rights of citizens, where the president is elected for life. The EU and USA held strong measures to improve the economic situation. The EU became more consolidated after such a policy. The EU and the USA work together and set mutual goals. After a crisis overcoming countries will form a pressing policy against Russia imposing more

severe sanctions. The USA will go on to lead NATO. Russia will get closer to China when the relations between Russia and the USA get worse. In conclusion, there will be a military confrontation brewing between a reunited and revived West and a sluggish Russia.

4) Community of Values. It unites the Russian Federation and the EU, which can solve neighborhood issues together. Firstly, the EU will help to reanimate economies after a world pandemic. After that, both parties will solve common issues of limited resources. A ten-year plan will be developed by the EU and directed to reindustrialization, redomestication of supply chains, digitalization, and technological innovation. Russia will be in stagnation, Ukraine will be in crisis but after the EU support, it will start to grow and go out of the crisis. The position of Russia will be unstable and it will need reanimation of investments and backup. So the country will be more ready to implement Minsk agreements. The power of the USA will be reduced so it will not intervene in the relations with the EU and Russia because the USA will need the resources to recover, so the policy of the last will be more peaceful and non-aggressive (Fischer & Timofeev, 2020).

Experts at EUREN found the "Cold Partnership" scenario most likely to succeed, with few believing the EU and Russia will descend into anarchy or be "on the brink of war." The possibility of armed conflict was considered unlikely, but not totally out of the question. The EUREN members did not consider a "community of values" plausible by 2030.

However, in our opinion, the relations between countries will worsen. With the change in course of the USA administration and strengthening of the USA-EU relations, the policy will be directed to form a common policy to Russia. Biden's position now is intended to strengthen the implementation of the EU's Russia policy. The main principles are "push back, constrain and engage" where "push back" means the union does not intend to meddle into the internal politics of countries such as Russia but to show that countries should respect legislation and agreements. "To constrain" means that the relations with Russia are very important but many Russian political representatives want to manipulate so the EU needs to support and form

new relations – develop relations with the USA, make military and security partnerships with Georgia, Ukraine, Moldova, strengthen military resilience with Western Balkans, support relations with Turkey. "Engage" means a list of continued or possible cooperation activities, in addition to distinctly European priorities such as reducing economic irritants and enhancing support to Russian civil society (Bildt & Gressels, 2021; Centre for European Policy Studies; 2021).

Then, in case of strong policy against Russian violation, Russia will be interested in reducing the sanctioning effect. That is why steps for easing sanctions are an important part of the whole mechanism of the rehabilitation regime. A step in this direction will have important political, diplomatic, and symbolic significance, signaling, among other things, the formation of a new status quo in international politics. There are the following considerations:

- 1) Firstly, any easing of sanctions must be tied to concrete steps that Russia will take to compensate for the damage done to international security. The ideology of sanctions is punishment for the caused damage and the weakening of the potential for further destabilization, and this ideology must be maintained for the effectiveness of sanctions in the future. Easing or lifting sanctions without sufficient support would show some preferential relations that are forbidden and will show that any country has a right to occupy foreign territory.

- 2) Secondly, it is better to start easing with diplomatic sanctions and end with financial ones. There are currently four types of sanctions against Russia: trade, financial, personal or corporate, and diplomatic. Some of the sanctions concern Crimea; some are related to Russia's actions in eastern Ukraine, in particular to its non-compliance with the terms of the Minsk Protocol. After all, the mechanism for imposing sanctions is different in different actors, including the United States and the European Union. EU sanctions are continued every six months, and this extension is largely due to the lack of progress in the conflict in eastern Ukraine. At the same time, the key factor is to maintain the unity of the position of European states, even those that would like to lift or ease the sanctions regime.

The package of diplomatic sanctions is aimed at reducing Russia's structural strength and its influence on the international policy agenda, including through participation in global governance formats and international organizations. The easing of these sanctions will expand dialogue with Russia but will keep its potential for further destabilization limited. Accordingly, concessions in the financial sector, which plays a key role in impact on Russia, should be made last.

3) Thirdly, if sanctions are seen as a way to somewhat improve Ukraine's negotiating position in the asymmetric conflict with Russia, they should remain in place until Moscow makes concessions. In this context, two approaches can be proposed. According to the first, a list with requirements should be created, consisting of conflict management issues and sanctions attached to each of them. It should be clear to the Russian Federation what sanction liftings it can expect in case of specific steps under the Minsk negotiations. However, opposite actions such as the provision of Russian passports to the citizens of occupied territories should be pressed. Another way is to assess the overall settlement process in eastern Ukraine. In this case, Moscow can independently or through negotiations with Kyiv determine the scope and sequence of constructive steps.

Sanctions in the absence of progress by the Russian Federation can and should be strengthened. Strengthening sanctions can be implemented by the introduction of secondary restrictions - threats of sanctions to third countries that cooperate with Russia in those areas covered by existing sanctions. Targeted sanctions will be Russian banking institutions, especially those that finance subversive, propaganda activities or support sources of threats to cyber security.

Conclusions to part 3

The Russian Federation takes counter-sanctions against countries that impose them on Russia. Among them are restrictions on food and agricultural product imports and personal sanctions against officials. Thus, Russia started to develop its domestic production but it has many drawbacks such as production costs and non-competitiveness internationally. By imposing counter-sanctions Russia tries to use

the policy of "rising rates" to remain a global player. Still many members of the EU cooperate with Russia in different spheres, mainly of which are energetic industry, trade, scientific researches and education, and climate issues. Europe is dependent on Russian gas, and having built a new pipeline Nord Stream 2 Russia tries to manipulate gas exports to the EU countries. The EU Delegation to Russia and the Russian International Affairs Council initiated the EU-Russia Experts Network on Foreign Policy in 2016. The experts made a scenario forecast on relations between parties till 2030. Among them, the most possible by opinions of the experts is the "Cold Partnership" that will force Russia to start work with the EU on mutual issues and accelerate the fulfillment of Minsk agreements that will lift sanctions gradually and cause foreign investment to inflow into the Russian economy. In our opinion, the EU policy will be more severe because of closer relations with the USA and new strategies. It is obvious that both the EU and the Russian Federation can not suspend connection between each other, so it is very important to develop a plan on how to ease sanctions. In case of the absence of progress by the Russian Federation, sanctions should be strengthened.

CONCLUSIONS AND PROPOSALS

Sanctions are coercive measures on the relevant subjects that are used for achieving certain goals. Economic sanctions are one of the ways to control a subject that violates the world order. Today there is no general explanation on economic sanctions and every scientist interprets in his own way. There are many organizations that regulate world relations between countries, such as the UN, WTO, International Monetary Fund, and others.

The sanctions were started to be used in 432 BC by the Athenians. Though the sanctions had not been documented well till 19 century. Because of the military goals, the sanctions were expanded after World War II and during the Cold War, they were used by countries. There are many classifications of the sanctions. According to international practice, there is a suspension of membership and membership exclusion from the organization, severance of diplomatic relations, severance of diplomatic relations; prohibition of aircraft to land or transit; prohibition or suspension of road and rail, water or sea transit; tourism ban; ban on telephone, telegraph and postal communications in the international practice. Among the forms of economic sanctions are embargoes, boycotts, and blockades. In the UN Charter individual (applied by individual states) and collective (applied within the framework of international organizations). In the legislation of Ukraine in Article 4 of the Law of Ukraine "On Sanctions" many types of sanctions are presented.

The quantity of sanctions is increasing, there was the revocation of imposed sanctions against countries with difficult political and military situations such as Iran, Liberia, Ivory Coast, and Myanmar in 2016. The policy of the USA changed to protectionism and trade wars during Trump's presidency. The main issues in 2021 are between the USA, the EU, and UK sanctions imposed against Russia and post-Brexit sanctions.

In 2014, in response to Russia's involvement in the Ukrainian crisis, during which Russia annexed the Crimea region of Ukraine and then occupied eastern territories of Ukraine, the EU adopted sanctions against Russia. There were three

phases that influenced all spheres of the Russian Federation. It was excluded from the G8 summit, the energetic and financial sectors, military sphere were sanctioned, diplomatic measures, restrictive measures against individuals were adopted, the financial flow was suspended from the EU to the Russian Federation. However, the EU is still the biggest trading partner for the Russian Federation, but China has become the biggest export partner last years. Mostly, the Russian Federation was affected in 2014-2016 years.

The GDP growth, export, and import sharp drop approved that in 2014-2016 years. According to the international indexes, we can see that the deterioration of the Russian Federation was in ease of doing business, economic freedom of the world in 2015-2016 years, KOF Globalization Index, the Global Competitiveness Index showed even the improvements in the rankings during 2015-2016 years. Evaluating credit risks, the reduction was in 2014 and 2018 years. However, the Russian Federation has improved the indicators in the 2019-2020 years. Talking about the main partners of the Russian Federation - Germany, Italy, Ukraine were impacted in the international rankings and reduced the positions during 2015-2018. In response to restrictive measures, the Russian Federation took countermeasures against these countries mostly by banning imports on some products. However, it harmed the Russian financial sector. International restrictions influenced the most important spheres of Russia as the oil and gas industry. In January 2016, oil prices had fallen to a low of \$27.1 per barrel, the last drop was also in 2020. The biggest problem in Russia is the outflow of the FDI: negative net flow remained during 2013-2015, 2017-2018. There is a positive tendency in 2019-2020, but it is much less than even during the world crisis in 2008.

The research on Russian product competitiveness internationally showed that some goods have comparative advantages. According to RXA and RCA indexes, Russia has weak comparative advantages in agricultural raw materials, ores, and metals but there was a decrease in 2015-2016. The Russian Federation had significant comparative advantages in fuels in 2013-2014, it had moderate comparative advantages in 2020. Iron and steel took one of the first places, it is

growing and the country has moderate advantages. Having counted the LFI Index we have understood that the biggest index was in the fuels industry (2555,42), agricultural raw materials, ores and metals, iron and steel (11,34) in 2013. Now the tendency is negative because there is a permanent decrease in the fuels industry comparative advantages, 958,63 in 2020. Agricultural raw materials, ores and metals have a positive trend in 2013-2020. Pearls, precious stones, and non-monetary gold, iron, and steel have a comparative advantage in 2020.

The power of sanctions is defined by the main international data of the Russian economy: export, import and the growth, trade balance and turnover, and the growth. The biggest drop was in 2015 when export, import, trade turnover growth was less than 70%, the trade balance showed growth of 76,3%. Mostly the financial sector was harmed as sanctions froze Russian companies' access to Western financial markets, the USA administration also discouraged Western firms from investing in Russia. Several of Russia's biggest banks and companies were banned from issuing loans with maturities exceeding thirty days, ensuring that Western creditors avoided long-term business relationships. The debt of Russia was reduced because of the foreign investment outflow. That means the country lacks international investments and currency now.

Russia imposed counter-sanctions on the EU food import and personal restrictions applied to officials. By imposing counter-sanctions Russia uses the policy of "rising rates" to remain a global player. Members of the EU are intertwined with Russia because they cooperate in the energetic sphere, have common education and science projects, climate goals, and trade. However, sanctions and restrictions are barriers to the partnership. The Nord Stream 2 is a new pipeline used to bypass Ukraine and to supply gas to the European Union through the Baltic Sea. During Trump's presidency, the EU moved away from the USA because the latter imposed limitations and restrictions on bilateral trade. That is why the Russian project of a new pipeline has been implemented. When the USA administration changed, the direction of the EU also changed. As the union and the USA decided to restrain Russia to make the EU more independent on gas supply, the limitations in the gas

supply through Nord Stream-2 pipeline were applied concerning accepted gas amounts. Russia is doing its best to manipulate by not supplying enough gas needed in Europe now.

In 2016 the EUREN was initiated to forecast and make proposals on how to improve connections between countries because that is very important for interconnected parties. The experts of EUREN forecast 4 scenarios till 2030. The most possible that can provide benefits to both parties is the "Cold Partnership" scenario when Russia carries out Minsk agreements gradually and, subsequently, some sanctions will be lifted. That will attract foreign investors. However, according to the new strategy and principles "push back, constrain and engage" created by Biden's administration to Europe, the relations are predicted to be more strained. Steps to easing the sanctions are important for both the EU and Russia and using such considerations as 1) easing of sanctions must be tied to concrete steps that Russia will take to compensate for the damage done to international security; 2) easing should be started with diplomatic sanctions and finish with financial because the last have the biggest impact on Russian economy; 3) if sanctions are a way to somewhat improve Ukrainian negotiating position in the conflict with Russia, they should remain in place until Moscow makes concessions - the road map should be made.

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APPENDICES

Appendix A

Positions of countries in different rankings

Country	2014	2015	2016	2017	2018	2019	2020
Ease of Doing Business Index							
The Russian Federation	92	62	51	40	35	31	28
Germany	21	14	15	17	20	24	22
Italy	65	56	45	50	46	41	58
Netherlands	28	27	28	28	32	36	42
Ukraine	112	96	83	80	76	71	64
Economic Freedom of the World							
The Russian Federation	98	99	102	100	87	85	89
Germany	28	29	30	23	20	20	21
Italy	79	68	69	54	54	46	51
Netherlands	34	30	25	19	18	25	24
Ukraine	122	128	135	149	134	135	131
The Global Competitiveness Index							
The Russian Federation	64	53	45	43	38	43	-
Germany	4	5	4	5	11	7	-
Italy	49	49	43	44	43	30	-
Netherlands	8	10	7	4	4	4	-
Ukraine	84	87	101	102	96	85	-
The KOF Globalization Index							
The Russian Federation	56	53	45	48	49	51	49
Germany	26	27	27	16	6	9	6
Italy	22	22	24	23	23	25	23
Netherlands	3	2	1	1	2	2	2
Ukraine	44	40	41	45	44	34	44

Source: Fraser Institute, 2021; World Economic Forum, 2021; Global Competitiveness index, 2021; ETH Zurich, 2021

Russian outflow and inflow, net FDI

	FDI Outflow	FDI Inflow	Net FDI
2008	55,66	74,78	19,12
2013	86,5	69,22	-17,28
2014	57,08	22,03	-35,05
2015	22,09	6,85	-15,24
2016	22,31	32,54	10,23
2017	36,78	28,58	-8,2
2018	31,34	8,79	-22,55
2019	21,92	31,975	10,055
2020	5,72	9,25	3,53

Source: author, based on the World Bank data, 2021.

Products in the international trade according to the UNCTAD

Product	Number
Primary commodities, precious stones and non-monetary gold	1
Primary commodities	2
Primary commodities, excluding fuels	3
All food items	4
Food, basic	5
Food, basic excluding tea, coffee, cocoa and spices	6
Beverages and tobacco	7
Agricultural raw materials	8
Ores and metals	9
Non-ferrous metals	10
Other ores and metals	11
Fuels	12
Pearls, precious stones and non-monetary gold	13
Manufactured goods	14
Chemical products	15
Machinery and transport equipment	16
Electronic excluding parts and components	17
Parts and components for electrical and electronic goods	18
Other machinery and transport equipment	19

Source: UNCTAD, 2021.

Export of the Russian Federation and in the world

The Russian Federation (export)								
	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL ALL PRODUCTS	527265918,9	497833528,8	343907651,8	301780443,4	379206606	451494828,2	426720332,7	337663489,2
1	432249130,1	405386723,4	265250290,5	194439773,5	246299382,6	303782756,9	291304016,2	245208231
2	421734420,4	397029150,4	259824129,1	188697723,6	239206356	298053547,1	281753979,4	231192012,3
3	49698325,01	50909910,12	43723063,34	42963273,53	52921575,79	60202304,53	60065460,43	67165497,14
4	16044539,99	18793301,69	15995766,8	17128615,79	20883561,52	24647993,61	24567232,37	26927814,2
5	14791852,08	17491880,89	14834763,46	16035036,66	19767235,83	23627754,66	23458201,56	25729472,5
6	13829135,04	16565835,57	14131968,4	15280272,71	18898613,43	22670161,59	22425520,18	24646328,44
7	1252687,907	1301420,793	1161003,345	1093579,133	1116325,692	1020238,944	1109030,811	1198341,699

Appendix C.2 prolongation

The Russian Federation (export)								
	2013	2014	2015	2016	2017	2018	2019	2020
8	9529268,17 2	9104940,39 2	7432763,85 6	7580054,87 9	9180988,22 2	10015733,6	9154427,39 1	10599527
9	24124516,8 5	23011668,0 4	20294532,6 8	18254602,8 5	22857026,0 5	25538577,3 3	26343800,6 7	29638155,9 3
10	17817628,8 5	16581930,3 6	15916138,5 5	13806861,8 1	16662640,2 9	18196035,5	18665516,4	20508920,7 5
11	6306888,00 1	6429737,68 7	4378394,12 9	4447741,04 5	6194385,75 2	7342541,83 6	7678284,27 8	9129235,18
12	372036095, 4	346119240, 3	216101065, 7	145734450, 1	186284780, 2	237851242, 6	221688519	164026515, 2
13	10514709,6 9	8357572,99 7	5426161,42 2	5742049,90 6	7093026,62 2	5729209,75 4	9550036,80 9	14016218,6 9
14	81801139,9 2	80794987,6 2	67854572,3 6	66332798,4 6	79533822,9	83982527,0 2	79771224,7 6	92455257,2 7
15	23532630,8 2	23517135,2 1	19950433,9 4	17654656,9 5	20936436,2 3	22043821,6 4	21721356,3 5	22644250,4 4
16	21364774,0 9	20107111,0 8	18509103,1 2	18751615,9 4	22471391,5 7	20641617,9 8	21592838,5 9	24952046,7 3
17	1735049,02	2686365,45 8	1257320,83 6	1155040,23	1459508,81 3	1694587,33 8	1745278,20 6	1847815,40 7
18	1882195,03 7	2384939,20 9	2485267,54 1	2296890,91 9	2208551,10 7	1782861,58 3	2745982,06 5	2676714,22 1
19	17747530,0 3	15035806,4 1	14766514,7 4	15299684,8	18803331,6 5	17164169,0 6	17101578,3 2	20427517,1
20	21016806,3	20905565,0 9	15165512,8 4	14201411,3 6	19756968,2	24583624,1 3	19350884,9 6	25693969,3 3
21	841895,847	933993,003	758519,681	818016,963	1006393,11 1	1023185,98 7	1168385,11 4	1240098,04 9
World export								
	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL ALL PRODUCTS	1880121285 0	1880329155 8	1638565639 4	1589153786 1	1758249338 0	1939036873 0	1881556381 6	1747332485 7
1	6482937615	6077955758	4534997785	4212031388	4852858775	5521560807	5240445263	4577763659
2	5792050630	5559874449	4042549569	3675514219	4341406482	5032648559	4772671156	4072272010
3	2485214385	2485568347	2178678782	2166021833	2426168015	2580441239	2535408352	2576227832
4	1460865170	1499410716	1357690006	1381625988	1499704121	1561897044	1556963563	1581569457
5	1312932393	1351672449	1220880170	1241770315	1351986699	1399333942	1395341070	1432241058
6	1215306580	1244226823	1117433847	1137085470	1242415443	1290405413	1286175368	1322110988
7	147932776, 8	147738267, 1	136809835, 7	139855673, 6	147717422, 1	162563101, 9	161622493, 1	149328399, 1
8	277005067, 6	267760104, 9	233140467	228817376, 1	253240112	270664066, 8	249378504, 8	235229753
9	747344148, 4	718397526, 4	587848309, 7	555578468, 4	673223781, 8	747880128, 7	729066283, 9	759428622
10	358954771, 6	353281671, 6	314071125, 3	292042421, 3	346447978, 1	388556705, 9	356894336, 4	375563346, 9

Appendix C.2 prolongation

World export								
	2013	2014	2015	2016	2017	2018	2019	2020
11	388389376,8	365115854,8	273777184,4	263536047,2	326775803,7	359323422,9	372171947,5	383865275,1
12	3306836244	3074306102	1863870786	1509492386	1915238467	2452207319	2237262805	1496044178
13	690886985,2	518081308,8	492448216,1	536517168,7	511452292,4	488912248,5	467774106,6	505491648,7
14	1943933765	1988683795	1799877319	1783592610	1970809949	2213202438	2163478192	2172470046
15	6022516754	6221970451	5901026211	5847890570	6412080854	6920106486	6765564009	6426194120
16	660819618,3	673145492,4	613550945,2	586020274,8	631704583,7	679554947,2	657517101,9	690151028,7
17	1628807301	1681907552	1665455583	1652788528	1886028158	2066342480	2018563739	2091869347
18	3732889835	3866917407	3622019683	3609081767	3894348112	4174209059	4089483167	3644173745
19	3822712026	3985392115	3668281603	3546610570	3786417905	4078487863	4015214263	3775169270
20	452898196,8	469751463	379516489	344084425	415435702	468777309,1	416172510,8	370248895,6
21	832170478,9	859563399,3	801881679,7	777162201,6	811912095	860411075,5	849006531,4	823065364,2

Source: UNCTAD, 2021.

Appendix C.3

RCA								
	2013	2014	2015	2016	2017	2018	2019	2020
1	2,38	2,52	1,93	1,47	1,79	2,14	2,10	1,88
2	2,60	2,70	2,12	1,64	1,95	2,31	2,23	1,99
3	0,71	0,77	0,66	0,63	0,77	0,91	0,90	0,92
4	0,39	0,47	0,39	0,40	0,49	0,61	0,60	0,60
5	0,40	0,49	0,40	0,41	0,52	0,66	0,64	0,63
6	0,41	0,50	0,42	0,43	0,54	0,68	0,66	0,65
7	0,30	0,33	0,28	0,25	0,27	0,24	0,26	0,28
8	1,23	1,28	1,05	1,06	1,28	1,44	1,39	1,58
9	1,15	1,21	1,14	1,05	1,20	1,33	1,37	1,37
10	1,77	1,77	1,67	1,51	1,70	1,82	1,98	1,92
11	0,58	0,67	0,53	0,54	0,67	0,80	0,78	0,83
12	4,01	4,25	3,82	3,08	3,44	3,78	3,75	3,85
13	0,54	0,61	0,36	0,34	0,49	0,46	0,77	0,97
14	0,43	0,45	0,36	0,32	0,38	0,39	0,38	0,37
15	0,13	0,12	0,10	0,10	0,12	0,12	0,12	0,14
16	0,09	0,15	0,07	0,06	0,08	0,10	0,10	0,09
17	0,04	0,05	0,05	0,04	0,04	0,03	0,05	0,04
18	0,17	0,15	0,13	0,14	0,17	0,16	0,16	0,20
19	0,34	0,35	0,26	0,27	0,34	0,39	0,34	0,42
20	1,65	1,68	1,32	1,32	1,68	2,04	1,76	2,44
21	0,04	0,04	0,03	0,03	0,04	0,05	0,05	0,05

Source: author, based on the UNCTAD,2021, data.

The Russian Federation import from 2013 to 2020

Product	Year							
	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL ALL PRODUCTS	314945095	286648776,9	182781964,8	207440504,4	259966680,3	240225755,9	247161342,9	233358642,3
1	54554150,8	49639090,73	33787391,08	34312865,36	41661488,99	39269154,43	40609007,54	38602386,85
2	54405109,36	49258638,93	33421338,56	34103384,8	41429053,28	38946282,71	40262924,7	37788791,98
3	49975926,96	45080222,91	30516684,03	32142487,63	38269103,78	35656637,4	37114814,32	35756321,76
4	40658973,03	36803383,66	24359269,52	25653189,84	29977181,4	27305279,39	27988611,12	27416505,6
5	36884295,3	33418066,71	22070570,12	23020309,2	26817216,58	24277529,11	24681710,65	24597893,54
6	33795072,93	30485686,39	19673195,11	20382141,07	23831903,34	21576065,44	21964663,63	21984102,17
7	3774677,729	3385316,955	2288699,398	2632880,643	3159964,817	3027750,281	3306900,463	2818612,058
8	3173116,225	2782699,792	2194987,405	2421591,089	2569354,228	2440373,195	2437247,092	2429544,752
9	6143837,704	5494139,455	3962427,1	4067706,705	5722568,152	5910984,815	6688956,117	5910271,411
10	1779263,738	1577628,475	1094761,578	1093920,033	1474466,49	1418639,017	1614981,364	1305176,081
11	4364573,966	3916510,98	2867665,522	2973786,672	4248101,662	4492345,798	5073974,753	4605095,33
12	4429182,402	4178416,021	2904654,538	1960897,167	3159949,498	3289645,31	3148110,373	2032470,217
13	149041,438	380451,802	366052,516	209480,563	232435,708	322871,72	346082,844	813594,87
14	255037286	232134946	144561099,1	27865102,8	33970655,14	32601879,61	36988785,07	32374565,04
15	36714889	34637670,4	25630977,13	87197138,21	113662997,7	102187031,4	102632050,1	99530643,5
16	134417637,8	118574763	69243280,21	7672000,352	10161892,95	10649262,59	10419711,63	10697010,86
17	12337696,16	10994075,52	6886725,854	12302457	16342449,08	16911235,47	16894084,16	17355248,16
18	15445975,83	15783175,62	10404736,23	67222680,86	87158655,63	74626533,34	75318254,26	71478384,48
19	106633965,8	91797511,85	51951818,12	54360831,14	66268715,84	62496991,53	63360313	60614225,3
20	83904759,23	78922512,61	49686841,79	4336525,426	6673022,009	5882939,049	6134773,219	5351813,247
21	8263336,279	6958800,872	4085070,759	15455072,2	17757516,06	17091786,77	17075703,98	16363296,17

Source: UNCTAD, 2021.

RXA index for the Russian Federation

Product	Year							
	2013	2014	2015	2016	2017	2018	2019	2020
1	-6,11	-2,46	-8,71	23,12	23,61	23,09	24,08	27,10
2	-9,90	-3,37	-14,61	49,54	50,50	45,53	46,91	50,83
3	-23,24	-14,72	-21,80	-1,39	-0,84	-1,40	-0,91	4,69
4	-34,29	-21,32	-28,06	-21,90	-20,38	-19,33	-17,93	-10,12
5	-34,19	-20,40	-27,37	-33,24	-30,95	-29,41	-26,73	-14,83
6	-23,49	-10,61	-15,90	-29,98	-27,70	-25,93	-23,61	-11,63
7	-8,53	-5,57	-7,47	-6,25	-6,65	-7,33	-7,60	-5,05
8	6,29	13,38	23,23	88,70	103,35	93,16	82,17	144,14
9	-11,15	-10,92	-5,76	100,50	100,45	80,46	93,63	132,28
10	4,57	3,27	7,35	44,58	41,30	34,30	35,26	42,81
11	-96,48	-103,16	-55,11	0,66	-0,01	-3,90	-3,91	9,24
12	281,33	238,17	155,70	1568,56	1415,21	1359,63	1243,95	958,63
13	-0,05	0,11	0,46	3,00	2,90	1,48	2,92	6,32
14	7,21	4,92	1,28	-7,91	-7,93	-9,69	-10,93	-6,94
15	-16,53	3,66	55,37	-193,49	-212,34	-217,88	-194,41	-176,88
16	1,22	1,80	0,89	-7,69	-7,99	-10,36	-9,59	-8,95
17	-0,77	-37,71	99,62	-143,99	-151,40	-168,81	-159,32	-146,18
18	-87,53	31,46	124,51	-460,37	-475,03	-457,35	-421,80	-338,65
19	-1,21	15,26	58,74	-48,53	-46,47	-57,63	-57,89	-38,11
20	11,34	15,06	13,03	7,63	7,96	9,05	6,44	13,91
21	-33,57	-19,66	-11,87	-95,22	-76,62	-70,90	-81,49	-59,07

Source: author, based on the UNCTAD,2021, data.