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The Impact of Russia’s Strategic Interest in the Black Sea Region on Imbalancing the Russian Economy

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1. Abstract

This policy paper examines the way the Russian economy sustains one of its objectives – to serve as a material base for pursuing Russia's national strategic goals. While briefly presenting the context of the specific time-frames when the macroeconomic model of the Russian Federation was supposed to be renewed and the main goals established by the Economic Strategy, attention is given to the impact of the developments in 2014 – the military intervention in Ukraine and the illegal annexation of Crimea followed by sanctions against the Russian Federation.

In attempt to understand the impact of the Western sanction on Russian behaviour, a need for understanding the goal, measuring the success and efficiency of sanctions is highlighted. Moreover, the role of the coercive diplomatic measures as tools of foreign policy is emphasized.

Keywords: The Russian Federation, economy, sanctions, Black Sea region, strategic interest, discourse analysis.

2. Introduction

March 6, 2009, Geneva. In attempt to boost the diplomacy between the two nations, U.S. Secretary of State Hillary Clinton presented Russian Minister Sergei Lavrov with a red button with the English word “reset” mis-translated into a Russian word meaning “overload.” The wrong translation proved to be a prediction for U.S.A. – Russia relations for the years that followed.

At that moment, even though Russia invaded Georgia in 2008, the United States of America still sought common grounds with Kremlin. With Medvedev as Russian presidential interregnum, the Obama’s presidency was seeking cooperation with Kremlin. However, once Vladimir Putin returned to his presidency in 2012, the possibility of a genuine reset was seen with increased skepticism.

The fact that Russian Federation is seeking the expansion of partnership and integration processes with the Commonwealth of Independent States (CSI) is stated in all Russian strategic documents, including in the National Economic Security Strategy, the document analyzed in the present paper.

Therefore, when Ukraine scheduled to sign the Association Agreement with the European Union that would have ultimately resulted in a free-trade deal between the EU and Ukraine, Russia imposed restrictions on Ukrainian exports and warned that signing the association agreement with the EU would be “suicidal” for Ukraine. A few months later, in 2014, Russia military intervened

in Ukraine and illegally annexed Crimea marking the turning point of Russian relations with the West. Since 2014, the US, followed by the EU and other western countries imposed sectorial and targeted sanctions against Russia.

While arguing that Russian economic rhetoric is not in line with the real state of the economy, I assess the limitations of quantifying both the real economy and the impact of the sanctions. Also, I analyze to what extent the goals of the Western sanctions were achieved. Along with meeting the goal, the efficiency of sanctions is considered. Finally, the creation of new economic map in the Black Sea is presumed.

3. From player to an arbiter of the Black Sea region.

Last year, in May 2018, after 4 years of Western sanctions against Russian Federation, President Vladimir Putin attended the official unveiling of the 19km long bridge linking Crimea with Russia. Symbolically Driving a Kamaz², Russian president was followed by the convoy of bikers tooting their horns while approaching Crimean Peninsula.

“...this is truly a historic day, a miracle that finally came true. I thank all the people who put the national interest before their own. We will continue working on such projects, new bridges, new airports, ports, all over the country, namely in ALL OUR COUNTRY”³.

This represented for Putin the Russian physical unification with Crimea, following the political one that took place in 2014 when Russia illegally annexed Crimea. The “miracle” as Putin called it, was announcing Russia’s return to the game it played in the Cold War and before, when Russia dominated in Black Sea.

The Black Sea is a significant import-export gateway for the Russian Federation and Crimea has been the focus of a dramatic increase in Russian military build-up and capabilities since 2010. Rbs68bn (\$1bn) has been allocated to modernizing it by 2020, and since the illegal annexation of Crimea more than a dozen warships have been stationed there⁴. The military build-up in the Black Sea is challenges both in terms of security and commerce the states that are bordering the Black Sea while it empowers Moscow with the capability to assert control over the region, including to deny freedom of movement at sea and in the air.

² Russian brand of trucks and engines manufacturer located in Naberezhnye Chelny, Russian Federation.

³ Vladimir Putin’s opening speech https://www.youtube.com/watch?v=5SIhP_7Iiag

⁴ “Russia’s military ambitions make waves in the Black Sea”, <https://www.ft.com/content/1b9c24d8-1819-11e6-b197-a4af20d5575e>

6 months after the opening of the bridge over the Strait of Kerch, on November 25, 2018, the Russian Federal Security Service coast guard fired upon and captured three Ukrainian Navy vessels attempting to pass from the Black Sea into the Sea of Azov through the Kerch Strait on the way to port Mariupol⁵.

Mariupol port is an important port city that not only sits on critical Ukrainian maritime, rail and river junctions, but also dominates the territory between the Russian–Ukrainian border and Crimea. Moreover, is a competitor for the Russian Commercial Sea Port of Novorossiysk. The later one increased its capacity of export, while Mariupol decreased its capacity by 70% of its operations.⁶

On the other hand, Novorossiysk Commercial Sea Port is one of the largest transportation hubs of Russia. It has the largest cargo turnover among Russian ports and the fifth largest in Europe and handles approximately 20 per cent of all export and import cargos shipped via Russian Sea ports. The port cities of Novorossiysk and Tuapse are also major oil export outlets, with Novorossiysk playing an increasing role in the export of the Urals and Siberian light crude oil⁷.

The deep-water Port of Novorossiysk is undergoing a commercial seaport modernization program as the country passed the U.S. as the world's top wheat exporter in 2015-16⁸. In 2017, Novorossiysk port announced that it will expand its capacity more than double the size of ships currently calling there – in a move to make the port a major Black Sea hub⁹.

⁵ The ports are important for Ukraine's economy. In 2017, 25% of Ukraine's metal exports went through the two ports. Heightened security concerns will increase insurance costs for vessels. A growing mistrust in the security of the route could ultimately result in the closure of the Azov ports for shipping.
http://www.epc.eu/pub_details.php?cat_id=4&pub_id=8883

⁶ Russia and Ukraine are competing on the international wheat market as wheat producers and exporters. In 2018, the Black Sea's share of the international wheat market was 37%, Mariupol being a grain export hub on the Sea of Azov. According to the Russian Ministry of Agriculture, in 2018 Russia was able to export more than 30 million tons of grain crops through the ports of the Azov-Black Sea basin.

⁷ “The West Has an Opportunity, Yet Again, to Push Back Against Russia”, Mamuka Tsereteli
<https://www.atlanticcouncil.org/blogs/new-atlanticist/the-west-has-an-opportunity-yet-again-to-push-back-against-russia>

⁸ “Russia's Port of Novorossiysk expanding to handle larger volumes of grains”,
<https://www.ajot.com/premium/ajot-russias-port-of-novorossiysk-expanding-to-handle-larger-volumes-of-grains>

⁹ “Novorossiysk expands in effort to become Black Sea hub”, https://www.joc.com/port-news/international-ports/novorossiysk-expands-effort-become-black-sea-hub_20171122.html

By the access-denial actions to the port of Mariupol, in the pick of Western sanctions, Russia is announcing not only the resurgence of military capabilities, challenging the Western deterrence capital, but its domination over the strategic commercial transport routes in the Black Sea.

Meanwhile Russia's economy is struggling. Even though President Putin's popularity increased significantly after the illegal annexation of Crimea, the economic system of the Kremlin administration that failed to modernize in the first three mandates of Putin as president and one as a prime-minister is trying to adapt to the ongoing access-denial to the western markets.

4. Russian economy. Between modernization and Isolation.

4.1.1997 vs 2017. To what extent did Russia renew its vision of National Economic Security?

One of the main challenges that Vladimir Putin had to face since he came into power almost two decades ago was to ensure the macroeconomic stability of the Russian Federation while pursuing the country's strategic objectives. The ambition to launch Russia's economy seemed to be a realistic one during the first two presidential terms of the Kremlin leader. The golden age that started in 2000 fed by hydrocarbons revenues known as the "fat years," was tempered by the 2008 financial crisis. At that time, Moscow's economic rhetoric shifted towards the country's strong resilience to the external financial and economic fluctuations while in real terms the Russian economy continued to deepen the internal structural discrepancies.

If the fact that Vladimir Putin is the main figure which has determined the Russian Foreign Policy since 2000 is already a truism, the president's role in the perpetuation of a macroeconomic model established in the last century and which served merely to his political and strategic ambitions must not be neglected.

The architecture of the Russian economy relies on its resources. The Russian energy industry is under the direct supervision of the president V. Putin. Even during his mandate as a prime minister (2008-2012, the term in which V. Medvedev replaced Putin), the Russian leader sought control over energy issues abroad. Such was the case with the Bushehr nuclear plant and the presence of the Russian nuclear industry behemoth, Rosatom, in Iran¹⁰. Most of the grand

¹⁰ "The Role of the Modernization of Economic Rhetoric in the Russian Federation. Policy Options for the East-European Countries", Lenes, Leonela, ESGA, (2017)

projects designed or implemented under Putin were merely following Kremlin's strategical and political, instead of commercial objectives.

In the attempt to strengthen Russia's position in the global arena, extremely expensive both technically- and financially-wise projects were launched. Hugely difficult ventures such as Shtokman project that required \$15 billion of investment in its first phase alone, or South Stream estimated at a cost of €15.5 billion were launched.¹¹ Both projects were stopped due to the lack of the commercial dimension and the economic burden that they required.

Despite Putin's continuing narrative of economic modernization, the country's economic diversification and performance were hampered by the economic model of the country and deepened by the financial crisis, the oil price fluctuation and the economic sanctions imposed by the Western countries.

Putin's narrative on the Russian economy seems to be argued by its own strategic documents. Designed as a response to the western sanctions, The National Economic Security Strategy adopted in 2017, was basically admitting the failure of the Russian economic model.

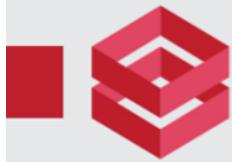
Just as in 2012 when the May decrees¹² were the centerpiece of the Kremlin's strategy to visibly improve the standard of living across the country in an effort to garner support for the ruling United Russia party ahead of the elections¹³, the 2017 Economic Security Strategy was launched in the context of the presidential elections that followed in 2018.

By comparing the two strategies (1997 and 2017 version), even if the 21st century registered an upward trend in the Russian economy, paradoxically many of the challenges that Russia was facing in 1997 remained the same 21 years later, being replicated in the 2017 version of the Strategy.

¹¹ "European Union's energy diplomacy in the wider Black Sea region", Dudau, Radu; Lenes, Leonela; Eurolimes (2011)

¹² Prior to this document, the well-known "May Decrees" were adopted in his first day as president, on 7th May 2012 when Putin issued 14 presidential decrees, including a lengthy one stating wide-ranging goals for the Russian economy. More precisely, the May decrees are stating that life expectancy would increase from age 70 in 2012 to age 74 by 2018 (though the average Russian male still only lives to 65), the cost of housing per square meter would decrease by 20 per cent, 25 million high-productivity jobs would have been created by 2020, more than doubling the estimated number in 2012, Russia would move from 120th to 20th place in the World Banks's "Doing Business" rankings by 2018, real wages would have been increased between 1.4–1.5 times by 2018, investments would have been increased by at least 25 per cent of the gross domestic product by 2015 and to 27 percent by 2018.

¹³ "Russia implements Putin 'May decrees' to sweeten elections", <http://www.intellinews.com/russia-implements-putin-may-decrees-to-sweeten-elections-97593/>



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“Investment and innovation activity is declining. Russia is lagging increasingly far behind developed countries in terms of science and technology. Dependence on imports of food, consumer goods, equipment, and technologies are increasing. There is an exodus of skilled personnel from the sphere of material production and from the scientific sphere. The number of man-made emergencies is increasing. The property stratification of society is increasing, and the living standards of much of the population are declining. The level of crime and corruption is still high. The country's economic, scientific, and demographic potential is declining. The markets and raw material infrastructure of Russian industry have shrunk¹⁴”.

The 2017 edition of Russia's economic vision is adding sanctions and global financial instability as its external challenges while focusing on the country's internal difficulties highlighting the same lack of innovation, lack of long-term investments, poorly-developed market infrastructure and lack of participation in global supply chains. Corruption, imbalance of the national budget system, black economy and poor education “survive” as the legacy of a Russia that failed to modernize itself.

One of the main goals of the 2017 document is strategic planning in improving the response mechanism in case of sanctions and other discriminatory means that are being used by other countries and/or organizations against Russian juridical, physical persons or specific fields of economy. In addition, the juridical consolidation of the borders of the exclusive economic area of the Russian Federation (including the Arctic continental shelf and maritime areas) and protection of the rights and interests of the Russian subjects activating in these areas are also highlighted. Ensuring the access to foreign technologies is in the interest of national economy and the expansion of the range and volume of non-resource goods, the geography of external economic and investment relations that are in line with the Russian National Interest are to be implemented.

Even though one of the main risks highlighted by the strategy is the activity of the economic intergovernmental unions in which Russia is not taking part, the strategy continues in line with the priorities set in 1997 - the expansion of partnership and integration processes with the **Commonwealth of Independent States (CSI)** avoiding mentioning any cooperation with the West.

The Eurasian Economic Union, which in this key represents a more feasible, economic oriented structure comes second after CSI and is followed by BRICS, Shanghai Cooperation Organization and

¹⁴ "Russian Federation National Security Blueprint" approved by Russian Federation presidential edict No. 1300 dated 17 December 1997

others. The priority of economic development is to be given to Eastern Siberia, The Far North, The Far East, The North Caucasus, **Crimea and Kaliningrad**.

Thus, the strategy's concept of 'economic security' has come to focus less on defending sovereignty against foreign threats than on maintaining Russia's strength as a great power by creating the conditions for it to compete more effectively in the global economy. Yet it seeks to do so even as relations with its major economic partners remain constrained by sanctions and distrust¹⁵.

It can be concluded that the 2017 version of Russia's vision on the economic development is an updated not a renewed vision, a document launched in the pre-campaign for Putin's election as a president, which is acknowledging the inherited and deepened by the Kremlin failed macroeconomic model, confirming Russia's petrostate model, is seeking solutions to address the economic sanctions and international financial system's pressure while maintaining one of its priorities – political and economic **influence over former USSR countries**.

"Since the crisis began in Ukraine in 2014, Moscow has redoubled its efforts to reinforce its influence in Eurasia. Events in Ukraine raised Moscow's perceived stakes for increasing its presence in the region to prevent future regime change in the former Soviet republics and for accelerating a shift to a multipolar world in which Russia is the uncontested regional hegemon in Eurasia. Moscow will, therefore, continue to push for greater regional integration, raising pressure on neighbouring states to follow the example of Armenia, Belarus, Kazakhstan, and Kyrgyzstan and join the Moscow-led Eurasian Economic Union"¹⁶

5. Sanctions

For the first time after the fall of the iron curtain, the United States and the European Union imposed sanctions on Russia in response to the 2014 military intervention in Ukraine and occupation and annexation of Crimea. This was a landmark in sanctions history. No economy as

¹⁵ "Russia's Economic Security Strategy Has Become an Internal Critique", Gould-Davies, Nigel, <https://www.chathamhouse.org/expert/comment/russia-s-economic-security-strategy-has-become-internal-critique>

¹⁶ February 9, 2016, Statement for the record worldwide threat assessment of the US Intelligence Community

big as Russia's has been subject to major sanctions in recent times. Only the restrictions imposed by the League of Nations on Italy, and by the United States on Japan, before World War II bear comparison. But unlike Italy and Japan back then, Russia is a key supplier of oil and gas to the rest of the world. Designing effective sanctions against such a hard target was a new challenge¹⁷.

The economic pressure of sanctions has certainly had an effect. The IMF estimated that the sanctions linked to the 2014 invasion of Ukraine cost Russia 1 to 1.5 per cent of its GDP by mid-2015. The sanctions also hurt the Russian treasury's bottom line, since Russia had to make up for lost Western capital by spending billions of dollars to prop up large companies that depended on Western funds. The more recent sanctions announced in April 2018 in response to Russia's interference in the U.S. election rattled Russian financial markets and put pressure on the value of the ruble¹⁸.

The Gross Domestic Product (GDP) in Russia



SOURCE: TRADINGECONOMICS.COM | WORLD BANK

¹⁷ "Sanctions on Russia Are Working", Nigel Gould-Davies, <https://www.foreignaffairs.com/articles/russian-federation/2018-08-22/sanctions-russia-are-working>

¹⁸ "How to Hit Russia Where It Hurts. A Long-Term Strategy to Ramp Up Economic Pressure", Harrel Peter, <https://www.foreignaffairs.com/articles/russian-federation/2019-01-03/how-hit-russia-where-it-hurts?fbclid=IwAR1y9w92ge2Jk-aj5GrVn6qfG8QxVgyeyoczJUVpBWxBnIMwSP4cK0F2EsM>

And yet sanctions have done little to change Moscow's ways. Not only has Russia refused to make concessions on its military intervention in Ukraine but, in November 2018, it seized Ukrainian naval ships transiting the Kerch Strait. Moreover, according to the report by U.S. Director of National Intelligence Dan Coats, sanctions did not stop Russia from interfering in the U.S. midterm elections in 2018¹⁹. In autumn 2018, Russia announces sanctions against senior Ukraine figures, a list of 322 names and 68 companies that would be barred from doing business in Russia and whose assets would be frozen if they had them in Russia.

5.1. Power politics of sanctions.

Any model of sanctions must strive to understand and account for past behaviour and be able to predict state action. Logic would dictate that either the country is not affected by the sanctions or that the internal well-being of populations in such societies is not of central concern to the ruling elite.

For most political scientist political processes are defined in terms of power or influence, that is, situations in which some people change the actions or predispositions of other people in some way. Power and power politics is a central concept in sanctions analysis²⁰.

There is no consensus about the exact types of sanctions, but the following broad categories can be found (Cf. Hufbauer et al (2007)), Caruso (2003), Kaempfer and Lowenberg (2007):

- Diplomatic sanctions: Withdrawal or expulsion of ambassadors, unwillingness to continue international negotiations.
- Financial sanctions: Suspension of development aid, objections to loans from international organizations (World Bank, IMF), investment bans, asset freezes
- Trade restrictions: Import/ export restrictions (military v. non-military goods), trade embargos.
- Smart sanctions: Asset freezes or travel bans against certain individuals, companies or groups of people²¹.

¹⁹ idem

²⁰ "A Strategic Understanding of UN Economic Sanctions", Golnoosh Hakimdavar, Routledge Advances in International Relations and Global Politics, 2014

²¹ "Are the Economic Sanctions against Russia Effective?", Konstantin A. Kholodilin, https://www.diw.de/de/diw_01.c.469198.de/presse/diw_roundup/are_the_economic_sanctions_against_russia_effective.html

In case of the sanctions against Russia, the Western countries used at least two categories from the list above – Financial sanctions and targeted, smart sanctions.

5.2. Effective though not successful sanctions

Most International Relations scholars and scientists, naturally, analyze the success/failure question through the prism of foreign policy, defining success as simply when sanctions have “achieved their stated objectives”. The senders should be interested in whether the sanctions succeed in reaching a stated objective. Clearly defined **goals** would allow the policymakers a chance to re-evaluate the sanctions over time enabling policy-makers to develop a **timeframe** for sanctions implementation and removal.

The legal framework of both U.S.A. and E.U. Sanction Policy also requires that there must be a clear goal of the sanctions.

“The objective of each measure should be clearly stated and consistent with the Union's overall strategy in the area concerned. Both the overall strategy and the specific objective should be recalled in the introductory paragraphs of the Council legal instrument through which the measure is imposed. The restrictive measures do not have an economic motivation²²”.

The Department of State of the U.S.A. defines the goals of sanctions as follows: *“There will be no relief of eastern Ukraine-related sanctions until Russia meets its commitments under the Minsk agreements and no relief from Crimea-related sanctions until Russia returns control of the Crimean Peninsula to Ukraine”²³.*

The European Union’s Council Decision 2014/145/CFSP of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine *and called on the Russian Federation to immediately withdraw its armed forces to the areas of their permanent stationing, in accordance with the relevant agreements. They called on the Russian Federation to enable immediate access for international monitors. The Heads of State or Government considered that the decision by the Supreme Council of the Autonomous Republic of Crimea to hold a referendum on the future status of the territory is contrary to the Ukrainian Constitution and therefore illegal²⁴.*

²² <http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2015114%202005%20INIT>

²³ <https://www.state.gov/e/eb/rls/fs/2018/288152.htm>

²⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014D0145&from=CS>

Analyzing the impact on sanctions from their goal's perspective, the goals set up in 2014 - **withdrawal of the armed forces and returning the control of the Crimean Peninsula** were not achieved.

“To be effective, restrictive measures should be lifted according to their objectives, not according to time limits. The time limit therefore would be an occasion to revisit the restrictive measures regime and to assess whether the objectives have been met”²⁵.

But sanctions are not measured only in their success. In fact, some studies show that 66% of sanctions are failing in achieving their goals²⁶. Efficiency in shaping the future behavior (predictability) of the target state is another criterion of measuring sanctions.

As in most cases, the impact of the sanctions will be very difficult to quantify. Nevertheless, it is considered that sanctions tempered Russian military activities in eastern Ukraine. Investments into Russia were discouraged, and the country-specific risk increased. Further, Crimea has obviously created negative effects on Russian government bond yields and the stock market, but it is not clear whether the prospects of a possible armed conflict or expected economic sanctions were the driver for this development.

Unfortunately, the outcome of sanctions is dependent on the structure and behaviour of the receiver. In governments where they have a strong national hold, the sanctions are more likely to extend over a longer period with **no real successful results in terms of initial goal**, as the leader has more internal manipulative mechanisms, such control of media and publications, propagand, controlled social media, centralized oversight in university activities, etc²⁷.

According to the Valdai Papers # 94. November 2018: “Russian officials employed techniques of economic statecraft of their own and formulated economic policies designed to reduce the impact of Western sanctions and to insulate the domestic economy from similar measures in the future. The Russian response comprised

²⁵ Idem.

²⁶ The Institute for International Economics analyzed 204 cases of economic sanctions in the time period between 1914 and 1990. The study analyzed the stated objectives of the sanctions, as articulated by the sanctioning body, and then, based on historical facts, evaluated whether the sanctions successfully achieved their stated objectives in each of the cases. The survey of economic sanctions since World War I found that about one in three sanctions succeeded in changing the behaviour of the targeted regime or changing the regime itself. Furthermore, sanctions failed to achieve their stated objectives in sixty-six per cent of those cases and were at best only partially successful in most of the rest.

²⁷ “A Strategic Understanding of UN Economic Sanctions”, Golnoosh Hakimdavar, Routledge Advances in International Relations and Global Politics, 2014



three complementary and overlapping components: 1. the securitization of strategic areas of economic policy; 2. a concerted effort to support import substitution in strategic sectors of the economy; and 3. vigorous efforts to cultivate closer economic relations with non-Western countries, especially in Asia”.

Despite Russia’s narrative (such as the one presented above) on the high resilience to sanctions by adapting the main pillars of the Russian economy such as: a) the energy sector (through access to Chinese technology and capital), b) the financial sector (by creating the internal version of SWIFT) is not sustained by Russia’s actions. Even in 2017, when sanctions were into force for three years, the strategic document of the Russian Federation did not mention the substitution of foreign products (as stated in the Valdai report).

6. Conclusions and recommendations.

- Since Russian intervention in Ukraine and its illegal annexation of Crimea, the Black Sea is reshaping it’s military and commercial infrastructure. The West’s deterrence is challenged by the Russian military build-up in the Black Sea.
- Despite its economic rhetoric, Russia remains a petrostate that failed to modernize itself. Russia will seek to address separately to EU as the biggest trade partner, insisting on the discrepancies in the Trans-Atlantic relation²⁸.
- The sanction’s goal established in 2014 was not achieved and seem to be overhauled. The prospect deepening of sanctions had done nothing to slow Russia’s speedy absorption of Crimea.
- Nevertheless, the sectorial sanctions and the targeted one seem to have an impact on modelling the behavior on Russia’s further expansion in Ukraine. Along with that, the impact of the oil price on the overall Russian economy is considered by some experts much higher than the impact of sanctions. Russian energy and financial systems were hampered by the lack of western technologies and capital. An important dimension

²⁸ "The European Union ... remains the key trading partner of Russia. It is our closest neighbor ... and of course we do care about what is happening in our neighboring states," Putin said in a conference at the [St. Petersburg International Economic Forum \(SPIEF\)](#) in Russia. "The U.S. has not suffered from the sanctions in anyway... but the Americans persuade their partners to continue their sanctions," Putin said.
<https://www.cnn.com/2016/06/17/putin-structural-problems-in-the-global-economy-remain.html>

of the restrictive measures is represented by the coercive diplomatic means²⁹. A much stronger coercive diplomatic toolbox along with sanctions would represent a more solid response to the illegal military actions of Russian Federation.

- Russian control over the Kerch Strait and thus over the Azov Sea is hampering not only the regional security but also the commercial transport routes of the Black Sea. An extremely important Commercial port for Ukraine - Mariupol Port reduced by half its exports since 2014 (along with already difficult railway connection to Donbass) while Novorossiysk increases its capacities in the attempt to become a Black Sea transport hub is a dynamic that must be monitored. Along with the economic pressure on the Ukraine's economy, the dominance of the Russian Commercial ports is reshaping the traditional commercial routes in the Black Sea. Causes of the downward trend in the cargo traffic of the Romanian Constanta Port registered in the last years should be correlated with the cargo flows in the Black Sea.

²⁹ Such as the approval of the provision of lethal weapons to Ukraine by the US administration, shut down Russia's consulate in San Francisco as well as two additional diplomatic annexes, expanded LNG sales to a Europe dependent in Russian gas imports, and increased the Pentagon's European Reassurance Initiative budget by 40 percent.

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