

## ECONOMIC SANCTIONS AND THEIR GLOBAL SPILLOVER EFFECTS: A MACROECONOMIC ANALYSIS

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**Abstract.** Economic sanctions have become an essential tool of international policy, employed to influence the behavior of states without resorting to direct military intervention. However, their impact is not limited to the sanctioned country alone – in many cases, partner states also experience significant economic disruptions. Although often presented as a peaceful alternative to armed conflict, sanctions carry far-reaching economic consequences for both targeted nations and the global economy. This paper examines the multifaceted effects of economic sanctions through the lens of key case studies, including Russia. It explores how sanctions influence trade flows, currency stability, inflation, foreign investment, and long-term economic development. Particular attention is given to the ways in which sanctions destabilize financial systems and alter global supply chains. The analysis also considers unintended outcomes, such as the expansion of informal markets and emerging humanitarian concerns. By comparing the economic consequences across different cases and evaluating the international response, the paper offers a balanced perspective on the effectiveness and costs of sanctions. The findings highlight the importance of a more strategic and measured application of sanctions – one that balances political objectives with real-world economic impacts.

**Keywords:** economic sanctions, international trade, macroeconomic impact, inflation, supply chains, spillover effects.

**JEL Classification:** F51, E60.

### 1. Introduction

In today's modern geopolitical landscape, economic sanctions have become one of the most commonly used instruments for de-escalating international tensions. Governments and international organizations impose sanctions to deter states from violating international norms, to punish aggression, or to isolate regimes deemed threatening to global security. While sanctions are widely regarded as a more diplomatic and less violent alternative to military intervention, their economic consequences – both intended and collateral – are often more extensive and complex than initially assumed (Morgan et al., 2023). Sanctions can take various forms, including trade embargoes, financial restrictions, asset freezes, and bans on technology transfers. Though the main goal is to weaken the sanctioned country's economy, studies have shown that the effects often spill over, disrupting regional markets, trade partnerships, and even global supply chains (Ghironi et al., 2024). These disruptions can manifest as reduced investment flows, inflation, currency devaluation, and heightened financial

volatility – consequences that are not limited to the targeted nation (Gutmann et al., 2023). Moreover, targeted countries frequently adapt by reorienting trade, forging new alliances, or relying on illicit networks, which can undermine the long-term efficacy of sanctions (Bélin & Hanousek, 2021). In highly globalized economies, the ability of sanctions to achieve political goals without generating unintended global instability is increasingly being questioned. Some recent research even argues that in a deeply interdependent world, sanctions may be more symbolic than effective, particularly when multilateral support is weak (Ye & Zhang, 2024). Russia's experience in the wake of expanded sanctions after 2022 provides a critical case for examining both the domestic macroeconomic effects of sanctions and their spillover impacts on international markets. This paper seeks to examine the broader economic implications of sanctions by analyzing real-world cases such as Russia. By focusing on key macroeconomic indicators – including GDP fluctuations, inflation rates, trade volume shifts, and currency performance – this study aims to better understand how sanctions reshape both domestic economies and

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global markets. The central hypothesis of this paper is that broad international sanctions imposed on a globally integrated economy such as Russia lead to significant internal economic disruption and create measurable spillover effects across global trade, energy, and financial systems. Additionally, it assesses the adaptability of sanctioned regimes and evaluates whether these measures are successful in achieving long-term strategic outcomes. As the reliance on sanctions intensifies in international diplomacy, it becomes essential to critically evaluate their strategic utility, humanitarian impact, and economic efficiency. As Özdamar and Shahin (2021) note, the effectiveness of sanctions depends not only on their design but also on the geopolitical context, coordination among enforcing states, and sensitivity to collateral damage. This paper argues that while sanctions remain a powerful tool, their success depends heavily on precision targeting, international cooperation, and a nuanced understanding of their economic ripple effects.

## 2. Theoretical framework

International institutions have increasingly turned to economic sanctions as a means of exerting pressure without direct military engagement. These tools are used to destabilize a target country's economic and financial foundations in hopes of influencing political behavior – often in response to acts such as territorial aggression, nuclear proliferation, or human rights violations. The core rationale is that generating sufficient economic strain can compel a shift in leadership decisions.

Sanctions manifest in diverse forms: trade restrictions, asset freezes, visa bans, disconnection from global financial networks, and restrictions on the exchange of sensitive technologies. In recent years, these measures have expanded to include digital infrastructure, intellectual property, and high-tech sectors such as artificial intelligence and semiconductors. Sanctions can be unilaterally imposed by individual states or coordinated through multilateral frameworks. These approaches reflect shifting geopolitical alliances and the growing use of economic statecraft as a strategic instrument.

Historically, broad, country-wide sanctions were common, but the global norm is increasingly tilting toward more nuanced “smart” sanctions – those targeting specific individuals, firms, or economic sectors linked to the governing elite. This shift seeks to minimize humanitarian fallout while maintaining political pressure. In authoritarian contexts where political power is closely intertwined with economic control, even narrowly designed sanctions can create broad and unintended disruptions.

Economically, sanctions isolate countries from international markets, disrupt trade flows, and limit access to foreign currency and investment. Financial sanctions that sever access to systems like SWIFT can halt cross-border transactions and accelerate inflationary pressures. These restrictions often weaken the national currency and lead

to disinvestment, supply shortages, and rising production costs. Domestically, the effects are equally severe. Sanctions frequently trigger job losses, reduce the capacity of public services, and derail long-term economic initiatives. Governments often respond by tightening control over key sectors or by relying on informal networks to bypass restrictions. Early and Peksen (2019) highlight how such conditions can expand shadow economies, increasing corruption and concentrating wealth among those with privileged access to illicit channels.

The effectiveness of sanctions depends on several factors: the breadth of their application, the economic resilience of the targeted nation, and the clarity of their political objectives. Sanctions implemented through multilateral coordination tend to yield more substantial outcomes. Morgan et al. (2023) argue that international alignment enhances credibility and enforcement capacity, making sanctions harder to circumvent.

However, sanctions can also cause unintended ripple effects. Ghironi et al. (2024) emphasize that third-party countries may suffer collateral economic damage through disrupted trade relations and heightened financial uncertainty. These externalities raise questions about the net global impact of sanctions regimes.

In some cases, sanctions may strengthen rather than weaken authoritarian regimes. Keerati (2022) notes that governments under pressure often leverage external threats to foster nationalist sentiment and consolidate domestic authority. Rodríguez (2023) finds similar patterns, showing how regimes redirect blame to foreign actors and justify internal crackdowns under the guise of national defense.

Targeted states often respond by adapting economically and politically. Mamonov and Pestova (2022) demonstrate how sanctioned governments seek alternative trade partners, promote import substitution, or deepen integration with non-Western economic blocs. These adjustments can lessen the long-term effectiveness of sanctions and reshape global trade dynamics.

Empirical evidence confirms that sanctions generally result in macroeconomic decline. Neuenkirch and Neumeier (2015) found significant contractions in GDP, trade volumes, and foreign investment following the imposition of sanctions by major powers. The extent of damage, however, depends on which sectors are targeted and the availability of alternative markets or resources.

Egger et al. (2024) argue that assessing sanction outcomes requires careful attention to global economic conditions, data quality, and transmission channels. These complexities highlight the challenges of evaluating whether sanctions meet their stated goals or lead to broader destabilization.

This conceptual overview sets the foundation for the case study that follows. It offers a lens through which to assess how sanctions operate in real-world contexts – how targeted states react, how their economies transform, and whether the intended political outcomes are ultimately achieved.

### 3. Literature review

Over the past ten years, the academic conversation around economic sanctions has evolved significantly. Rather than focusing solely on whether sanctions “work,” scholars have increasingly turned their attention to the broader and often more intricate consequences these measures produce. It’s now widely acknowledged that although sanctions are usually aimed at changing a country’s political behavior, their actual effects in practice are often more complex – and can deviate from the original intentions of policymakers.

One of the central themes in the literature is the effect of sanctions on international trade. Afesorghor (2019) demonstrates that trade between countries involved in sanction regimes tends to decline sharply. What’s more, even the mere threat of sanctions can lead to early shifts in trade patterns, as both governments and businesses begin making adjustments in anticipation of future restrictions. This kind of preemptive behavior illustrates how sanctions start influencing actions well before they are officially put into effect.

Another important area of research explores how sanctions impact not just the targeted nations, but also those implementing them. Fazio et al. (2022) point out that sanctions can sometimes backfire politically, especially when the economic fallout begins to affect the sanctioning country’s own population. During times of economic stress – such as the COVID-19 pandemic – public support for sanctions often weakens, particularly when they are perceived as ineffective or excessively punitive.

The broader debate over the effectiveness of sanctions continues to generate discussion. According to Peksen (2019), sanctions often fall short of their political goals – especially when targeting authoritarian regimes or when enforcement lacks consistency at the international level. In many instances, sanctioned governments respond by tightening control over essential sectors or seeking new trading partners, which can weaken the intended economic pressure.

Furthermore, recent studies emphasize that the economic impact of sanctions can vary greatly depending on the structure of the target country’s economy. Felbermayr et al. (2025) found that nations highly dependent on natural resource exports are generally hit harder by sanctions. In contrast, countries with more diversified economies tend to be more adaptable and resilient in the face of external shocks.

Building on these insights, Giumelli (2024) argues that assessing whether sanctions are successful requires a more comprehensive framework – one that accounts not only for direct economic outcomes, but also geopolitical factors and the institutional capacity of the target state. His analysis of Russia underscores that success shouldn’t be judged solely by economic decline, but also by how clearly defined the goals are, how well-coordinated the sanctions are, and how consistently they are enforced over time.

A similar perspective is offered by Fouad (2024), who reevaluates the impact of energy-related sanctions. He notes that while initial disruptions were significant, Russia eventually managed to reroute oil exports and develop alternative supply channels. This adaptability shows that sanctions which seem effective at first may gradually lose their bite if the targeted country can exploit enforcement gaps or restructure its economy.

Beyond their economic implications, sanctions frequently reshape internal political landscapes. Keerati (2022) describes how governments under external pressure often use sanctions as a tool to ignite nationalist sentiment and place blame on foreign adversaries. This strategy can shield ruling regimes from internal accountability, effectively transforming external pressure into a domestic rallying point.

The political use of sanctions also affects civil society. Rodríguez (2023) cautions that sanctions are sometimes used as a pretext for expanding state control, especially in authoritarian regimes. As access to foreign resources dwindles, these governments often tighten their grip on both the economy and political discourse under the banner of national security.

On the ground, the economic strain caused by sanctions often leads to the rise of informal and black-market economies. Early and Peksen (2019) highlight that when legitimate trade routes are blocked, illicit networks frequently take their place. These networks tend to benefit elites and criminal organizations, further deepening inequality and limiting the broader population’s access to basic goods.

On the international stage, financial and trade sanctions can create ripple effects far beyond their intended targets. Gutmann et al. (2023) show how sanctions can disrupt capital movements and generate spillover effects across interconnected global markets. In some cases, these unintended outcomes can overshadow the pressure applied to the sanctioned economy.

Disruptions caused by sanctions can also destabilize energy supplies and supply chains. Hatipoglu et al. (2023) found that countries that rely heavily on energy imports often experience inflation and price swings when sanctions target major energy exporters. These side effects can weaken international resolve to maintain sanctions, especially during periods of global economic volatility.

The shifting geopolitical order also complicates the picture. Morgan et al. (2023) observe that sanctions were historically more effective when backed by a unified Western bloc wielding significant financial clout. In today’s increasingly multipolar world, however, targeted countries are finding new ways to circumvent restrictions by forging alternative alliances and trade systems.

Russia’s strategic realignment following its invasion of Ukraine is a case in point. Mamonov and Pestova (2022) document how the country managed to stabilize its economy by deepening ties with non-Western nations and redirecting exports. These developments are gradually reshaping global trade patterns and financial systems, weakening the leverage of traditional sanctions.

All things considered, the growing body of literature portrays sanctions as both a powerful and problematic policy tool. While they remain a staple of international diplomacy, their results are rarely straightforward. Sanctions may succeed in causing economic disruption, but turning that disruption into meaningful political change is far from guaranteed. As recent research underscores, achieving this requires not only strategic planning and firm enforcement, but also a nuanced understanding of how states and markets respond under pressure.

#### 4. Methodology

This study uses a qualitative case study approach to investigate the economic effects of international sanctions, with a primary focus on Russia. The choice of Russia stems from its global significance, the prolonged and wide-ranging sanctions it has faced, and the availability of consistent economic data. As a major resource-based economy with strong international ties, Russia presents a compelling case to assess how sanctions reshape economic structures and performance. Key macroeconomic indicators are used to evaluate the impact of sanctions. These include changes in GDP, inflation, trade flows, currency fluctuations, and sector-specific output – especially in energy and manufacturing. These variables provide insight into both the direct disruption and the secondary effects of sanctions. Research has shown that external pressure, combined with volatile oil prices, has significantly contributed to the depreciation of the Russian ruble and broader economic stress (Dreger et al., 2016). Korhonen et al. (2018) have documented the contraction in trade volumes and capital flows resulting from EU and Russian counter-sanctions, underlining how sanctions affect both sides of the trading relationship. Abuseridze and Agapova (2022) further contextualize these economic outcomes by examining the geopolitical backdrop of the Russian occupation of Ukraine, arguing that the effectiveness and scope of sanctions are also shaped by the broader conflict dynamics.

The analysis compares data from periods before and after major sanctions were imposed, focusing on critical stages such as their initial enforcement, periods of escalation, and observable policy responses. Libman (2024) highlights the gap between the expected and actual economic consequences of sanctions, emphasizing the surprising resilience of Russia's economy and the partial cushioning of external shocks through state intervention.

In addition to numerical trends, the study also considers qualitative factors such as institutional resilience, economic adaptation, and the pursuit of alternative global partnerships. These dimensions help capture how governments respond to external constraints and adjust their economic strategies over time (Kirkham, 2022). The goal is to provide a grounded, evidence-based view of the actual economic outcomes of sanctions rather than rely on theoretical models or assumptions. While sanctions have created clear economic strain, they have also driven

internal reforms and a shift toward greater economic independence (Galbraith, 2025).

#### 5. Case study

Russia's economic trajectory over the past several years offers a revealing case study of how sustained and intensifying international sanctions can fundamentally alter a country's macroeconomic landscape. While sanctions were first introduced following the 2014 annexation of Crimea, their cumulative effects gained full momentum only after the large-scale invasion of Ukraine in early 2022. Targeting key sectors such as finance, energy, defense, and technology, these sanctions triggered sweeping shifts in Russia's domestic economic structure. The years 2020 to 2024 thus represent a critical period that illustrates not only the direct economic repercussions of external pressure but also the compounding impact of parallel disruptions, including the COVID-19 pandemic, volatile energy markets, and structural adjustments in global trade. These overlapping shocks placed unprecedented pressure on Russia's ability to adapt its economic model while maintaining internal stability.

The initial impact of these combined challenges was sharply felt in 2020, when the COVID-19 crisis brought global markets to a near standstill. With international travel and trade disrupted, demand for oil collapsed, pushing prices to historic lows. Russia, whose economy heavily depends on hydrocarbon exports, experienced a GDP contraction of 2.7%, falling to \$1.49 trillion. Although inflation remained moderate at 3.4%, the ruble weakened against the U.S. dollar, reaching an exchange rate of 73.88 RUB/USD. Nevertheless, Russia managed to maintain a trade surplus of \$93.4 billion, largely due to a steep decline in imports and the inertia of pre-existing energy contracts. As shown in Figure 1, Russia's GDP plunged alongside oil prices, marking the beginning of a period characterized by extreme volatility and macroeconomic recalibration.

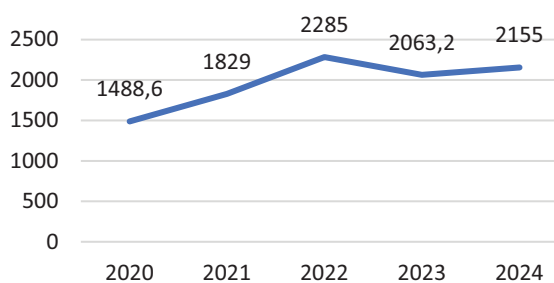


Figure 1. GDP in Billion USD

This early shock also highlighted a structural vulnerability: the interconnected nature of external shocks and geopolitical restrictions. Although the sanctions implemented before 2022 were less severe, they still limited access to financial markets and modern technology. The pandemic intensified these restrictions, revealing the fragility of Russia's integration into the global economic

system. As Thangavel and Chandra (2024) emphasize, the ripple effects of sanctions on Russia began to reverberate globally, affecting commodity pricing, trade expectations, and investor sentiment. For many economies, especially those dependent on energy imports, this period marked the beginning of strategic reassessments regarding energy security and trade alignment.

A rebound followed in 2021 as the global economy gradually reopened. The recovery of global energy demand pushed crude oil prices to an average of \$70.86 per barrel, reinvigorating Russia's export sector and lifting GDP by 5.9% to \$1.83 trillion. The trade surplus rose to \$193.1 billion, supported by robust energy sales. However, this economic recovery was accompanied by rising inflation, which reached 6.7%. Policymakers in Russia responded with moderate tightening of monetary policy, though this had limited effect in reversing the underlying inflationary momentum. Figure 2 visualizes this inflationary trend, clearly showing how price pressures intensified in tandem with the GDP rebound. According to Bali et al. (2024), this period demonstrated how sanctions, even when partially circumvented, exert significant influence by shaping domestic expectations, reducing investor confidence, and narrowing fiscal maneuverability.

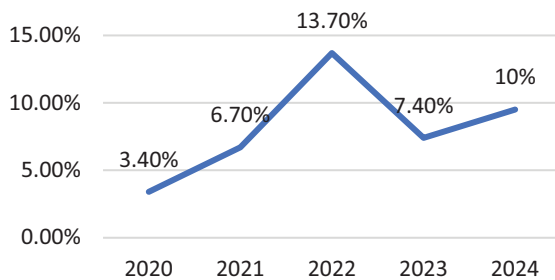


Figure 2. Annual inflation rate

The turning point arrived in 2022, when Russia's military escalation in Ukraine led to a wave of coordinated sanctions from Western states and multilateral institutions. These measures went far beyond previous restrictions – targeting Russia's central bank, blocking access to international reserves, banning high-tech imports, and disconnecting major financial institutions from the SWIFT payment network. Despite these constraints, Russia's nominal GDP climbed to a record \$2.29 trillion, largely because of soaring oil prices, which averaged \$100.93 per barrel. This paradox of growth amid isolation is partly explained by redirected energy exports toward non-Western partners such as China, India, and Turkey, often sold at discounted rates (Babina et al., 2023; Hilgenstock et al., 2023). While these new trade channels helped sustain fiscal inflows, the benefits were unevenly distributed across the economy. Export-oriented sectors thrived

temporarily, but industries dependent on imported components – particularly automotive, aviation, and information technology – faced acute shortages, production delays, and growing technological backwardness.

At the same time, inflation spiked to 13.7%, fueled by supply disruptions and domestic panic-buying, while the ruble, though partially stabilized through capital controls and energy revenue, continued to show signs of pressure. As indicated in Figure 3, average oil prices surged in 2022, helping offset revenue losses from Western markets. Yet, as the data in Table 1 confirms, this nominal resilience masked real-sector weaknesses and increasing structural asymmetry between export-led revenues and domestic production capacity. Russia's economy in 2022 was effectively running on crisis management – bolstered by energy windfalls, but burdened by declining innovation, financial repression, and technological isolation.

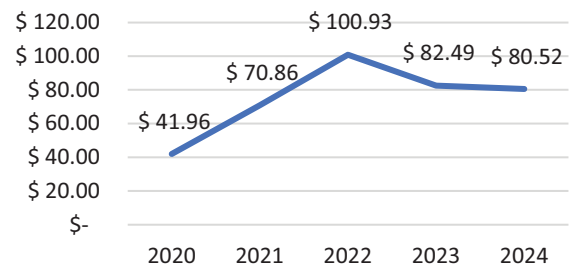


Figure 3. Average price for oil per barrel

In 2023, the macroeconomic environment showed some signs of stabilization. GDP grew by 4.1%, while inflation moderated to 7.4%. However, this stability was fragile. The trade surplus dropped to \$121.6 billion, reflecting lower oil prices and the rising costs associated with realigning logistics and trade infrastructure away from the West. The ruble depreciated further to 91.16 per USD, despite interventions by the central bank and reserve drawdowns. These developments, while not catastrophic, exposed Russia's growing reliance on short-term fiscal tools and selective industrial support to maintain macroeconomic balance. As Wachtmeister et al. (2022) argue, by this point, Russia had lost much of its pricing power in global energy markets and had become increasingly dependent on politically aligned or price-sensitive trade partners.

By 2024, the economic picture remained ambiguous. GDP reached \$2.16 trillion, again with a 4.1% growth rate. However, inflation climbed back to 9.5%, and the ruble depreciated to 110 per USD. This suggests that much of the apparent stability was underpinned by capital controls, parallel import schemes, and targeted subsidies rather than organic growth or structural diversification. The decline in monetary flexibility, combined with restricted access to Western capital and innovation, has begun to weigh more heavily on long-term development prospects. Figure 1, Figure 2, and Figure 3 together paint a cohesive picture of this five-year evolution – showing how initial resilience gave way to creeping stagnation, as inflation and currency pressures undermined nominal gains.

Beyond economic indicators, sanctions have had extensive social and institutional consequences. Higher

education and scientific research have been particularly affected. As Kuzhabekova (2024) notes, international collaboration between Russian scholars and global institutions declined significantly after 2022. Academic exchange programs, conferences, and international journal participation were either suspended or outright canceled. This trend points to a growing intellectual decoupling, which could delay scientific progress and hamper Russia's long-term innovation capacity. The long-run effects of this isolation will likely be felt across key sectors, especially those relying on global knowledge flows, such as medicine, engineering, and high-tech R&D. The ripple effects of sanctions have extended far beyond Russia. As Li et al. (2024) highlight, energy companies in third-party countries – including China, India, and the United States – have had to adjust operations and pricing strategies in response to Russia's redirection of oil exports. These shifts not only altered global supply chains but also introduced considerable uncertainty into financial and commodity markets. Energy security, currency stability, and international capital flows were all impacted in ways that traditional economic models often struggle to predict. Sanctions that once seemed narrowly targeted have now exposed how deeply interwoven national economies are within global systems.

Table 1. Russia's key macroeconomic indicators, 2020–2024 (source: compiled by the author based on data from International Monetary Fund, n.d., World Bank, n.d., Bank of Russia, n.d., International Energy Agency, n.d., and cited academic literature)

Year	Trade Balance (USD billions)	Annual Inflation Rate	GDP (in billion USD)
2020	93.4	3.40%	1,488.60
2021	193.1	6.70%	1,829.00
2022	315.6	13.70%	2,285.00
2023	121.6	7.40%	2,063.20
2024	134.2	9.50%	2,155.00
Year	Annual Growth Rate GDP	Average Price (USD per barrel)	USD to RUB Exchange Rate
2020	-2.70%	\$41.96	73.88
2021	5.90%	\$70.86	74.29
2022	-1.40%	\$100.93	70.34
2023	4.10%	\$82.49	91.16
2024	4.10%	\$80.52	110

Taken as a whole, the years 2020 through 2024 reveal that economic sanctions are not mere symbolic gestures or short-term tools of diplomatic coercion. Rather, they have long-term transformative effects on economic systems – particularly when imposed on an economy that is simultaneously facing other external and internal pressures. In the Russian case, these sanctions catalyzed a realignment of trade, prompted the expansion of informal

channels like parallel imports, increased government involvement in markets, and accelerated strategic shifts toward non-Western partners. But this adaptation came at a price: the erosion of long-term investment, persistent inflation, weakening of the national currency, and deepening technological gaps. The resilience Russia has shown thus far should not obscure the broader question of sustainability. Whether the country can continue to grow under prolonged isolation, limited capital mobility, and restricted innovation remains uncertain. What is increasingly clear, however, is that sanctions – especially when multilaterally coordinated and reinforced over time – can redefine the trajectory of a nation's economy and its role in the global order.

## 6. Discussion

Although this study provides a detailed examination of the economic consequences of sanctions imposed on Russia and their broader international reverberations, it is important to acknowledge several inherent limitations. Recognizing these constraints not only frames the interpretation of the findings but also sets the stage for more refined and comprehensive research in the fields of international economics and sanctions policy.

To begin with, the analysis centers exclusively on Russia as a case study. While this focus is justified by Russia's prominence as a heavily sanctioned state with significant influence on global markets, the singular scope inevitably narrows the broader applicability of the conclusions. Different countries subject to sanctions – such as Iran, Venezuela, or North Korea – possess distinct political economies, institutional structures, and global ties, all of which influence the nature and impact of sanctions. Comparative research involving multiple cases could help uncover recurring patterns and deepen our understanding of how sanctions operate across diverse geopolitical and economic contexts.

Another limitation stems from the largely qualitative and descriptive approach adopted in this paper. While macro-level indicators such as GDP, inflation, and trade dynamics offer valuable insight, the absence of formal econometric modeling limits the capacity to rigorously test causal relationships. Future studies might benefit from incorporating quantitative methods – such as difference-in-differences estimation or structural vector autoregression – to more precisely measure the effects of sanctions and distinguish them from other concurrent developments.

Moreover, this study does not fully address the uneven distribution of sanctions' effects within Russia. Sanctions are rarely experienced uniformly; their consequences can vary widely across industries, regions, and demographic groups. For instance, firms in strategically protected sectors may exhibit resilience, whereas small businesses and peripheral regions may face disproportionate hardship. Disaggregated data would provide a more granular picture of these internal disparities and

the ways different segments of society cope with external economic pressure.

In addition, the political and social dimensions of sanctions – such as their influence on regime stability, public trust in institutions, and civil liberties – remain underexplored in this analysis. Sanctions can have unintended political consequences, sometimes rallying public support around incumbent leadership or fostering new forms of domestic control. Interdisciplinary approaches that bring together economics, political science, and sociology could offer a richer understanding of how sanctions reshape not only economies but also societies.

The timeframe covered in the analysis (2020–2024) also presents a limitation. This period is marked by a series of overlapping global disruptions, including the COVID-19 pandemic, energy price fluctuations, and escalating geopolitical tensions. These overlapping shocks complicate efforts to isolate the specific effects of sanctions. Longer-term studies that span more stable periods – or, conversely, include multiple cycles of disruption – could help disentangle short-term volatility from more durable structural change.

While the paper briefly considers international spillover effects, it does not fully explore how sanctions on Russia have contributed to shifts in global economic relationships. The reorientation of trade, investment, and financial flows – especially among countries that have sought to bypass sanctions – deserves closer scrutiny. Further research could shed light on how these changes are redrawing the architecture of international commerce and finance, including the emergence of alternative economic alliances.

Finally, the rapidly evolving nature of sanctions themselves poses a research challenge. In recent years, new instruments such as restrictions on digital assets, technology transfers, and cybersecurity tools have emerged. These contemporary tools reflect the changing landscape of global power and economic statecraft. Future studies would do well to examine how these innovative measures affect economic sovereignty and resilience in both targeted and third-party states.

In conclusion, while this paper offers valuable insights into the macroeconomic consequences of sanctions on Russia, it also underscores the complexity of the topic and the need for more nuanced, data-rich, and interdisciplinary research. Addressing these limitations will be crucial for developing a more complete and policy-relevant understanding of sanctions as a tool of international economic governance.

## 7. Conclusions

This study has sought to unpack the evolving economic dynamics triggered by the imposition of international sanctions, using the Russian Federation as a focal point. The findings underscore the duality of sanctions as both a strategic tool and a source of far-reaching economic

disruption. While their immediate impact is evident in measurable indicators such as inflation acceleration, trade dislocations, and currency depreciation, the Russian case reveals a more intricate narrative: one marked by institutional improvisation, selective resilience, and structural strain. The capacity of the Russian economy to temporarily sustain macroeconomic stability – through redirected exports, administrative controls, and fiscal cushioning – has not eliminated deeper vulnerabilities. Instead, it has postponed and, in some respects, redistributed the costs of sustained economic isolation.

Equally important are the wider systemic reverberations. The international spillovers of sanctions imposed on a globally integrated economy have demonstrated the limits of economic compartmentalization. Shocks to energy markets, reconfigured trade corridors, and shifts in investment patterns all reflect the unintended global externalities of sanctions regimes. These developments not only blur the lines between target and non-target economies but also raise critical questions about the long-term strategic calibration of sanctions in an interdependent world order.

The evidence presented in this analysis leads to a broader conclusion: the efficacy of sanctions is not merely a function of their scope or severity, but of their strategic alignment with the geopolitical and economic realities of the moment. As economic power continues to diffuse across regional blocs and alternative financial systems emerge, the design and implementation of sanctions will require more than blunt pressure – it will demand nuance, cooperation, and a forward-looking understanding of systemic consequences. Sanctions remain an indispensable part of international diplomacy, but their evolving complexity requires that they be wielded with precision, foresight, and humility.

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