

Western Sanctions and Their Impact on Russia

V.V. Moiseev

Shukhov Belgorod State Technological University
Belgorod, Russia
din_prof@mail.ru

S.N. Glagolev

Shukhov Belgorod State Technological University
Belgorod, Russia
rector@intbel.ru

M. Yu. Karelina

Moscow Automobile and Road State Technical University
Moscow, Russia
karelinamu@mail.ru

E.A. Karelina

Moscow State University of Technology "STANKIN"
Moscow, Russia
opferpriesterin@mail.ru

V. V. Ogneva

Russian Presidential Academy of National Economy and Public Administration
Orel and Bryansk, Russia
ognevavv@yandex.ru

Abstract—The article considers the anti-Russian sanctions introduced by the US by a number of Western states. In 2014, after the reunification of the Crimea with Russia, and in connection with the assistance of our country to compatriots in the southeast of Ukraine, a number of Western states have introduced quite severe economic and political measures (sanctions) in order force change the chosen policy of Russia. The initiators of the introduction of anti-Russian sanctions were the United States and the leading states of the European Union. Among the "sanctioners" were also Australia, Canada, Norway, Switzerland, Japan and other states. In their view, the reunification of Russia and the Crimean Republic, formerly part of Ukraine, was illegal, as it violated the universally recognized borders and territorial integrity of a sovereign state, a member of the UN Security Council. The authors not only describe in sufficient detail the phased introduction of anti-Russian sanctions, but also make a well-founded conclusion that the state policy of counteraction to Western sanctions, conducted in 2014-2016, gave its positive results in both political and economic spheres. In particular, it accelerated the implementation of programs to overcome import dependence in a number of areas of the economy, including in industry and agro-industrial complex of our country. It is summarized that, despite numerous difficulties, the state policy of counteracting Western sanctions played a positive role in Russia's socio-political and economic development.

Keywords—anti-Russian sanctions; state policy; counteraction to Western sanctions

I. INTRODUCTION

The US, in order to achieve far-reaching political goals aimed at weakening Russia, called on the Allies to completely isolate it. The first package of anti-Russian sanctions was implemented immediately after Russia recognized the results of the Crimean referendum and decided to join the Crimea to Russia. Initially, anti-Russian sanctions had a pronounced economic pressure: financial assets and other assets were

frozen, companies were forbidden any economic cooperation with our country.

Simultaneously with attempts to force Russia to give up actions in Ukraine, pressure was exerted on the environment of the Russian president through the introduction of visa restrictions for persons included in special lists. So, under President Barack Obama's decision, sanctions were imposed against a number of Russian officials in the form of refusal to issue entry visas, as well as by freezing their bank accounts, seizing property allegedly located in the United States. Under the sanctions, the first to fall are V.I. Matvienko, S.Yu. Glazyev, D.O. Rogozin, V.Yu. Surkov and other officials. Restrictive measures were also taken against a number of companies and banks, for example against Bank Rossiya, which allegedly is a "personal bank of high-level officials of the Russian Federation." At the same time, they tried to harm major Russian businessmen who were somehow related to President Vladimir Putin, and in a number of countries such Russian citizens as the brothers A.R. and B.R. Rotenberg, Yu. V. Kovalchuk, G.N. Timchenko, who became dollar billionaires with the support of the first person of the state, believed that this would affect Vladimir Putin and his decision.

When these restrictive measures did not bring the desired results to the initiators of anti-Russian sanctions, the United States and its allies began to exert pressure on our state by political methods. Thus, the above facts indicate that the introduction of anti-Russian sanctions was carried out with a constant increase, beginning with the restriction of officials of the Russian Federation and individual companies and ending with sanctions against key sectors of the Russian economy. At the same time, political pressure on our state was intensified with the aim of forcing it to give up assistance to the Donbas and return the Crimea to Ukraine.

A number of Western countries, acting in the wake of the United States anti-Russian policy, began to impose economic

and political restrictions on cooperation with Russia. So, Japan, supporting the US sanctions, in March 2014 ceased negotiations on the liberalization of the visa regime for Russian citizens, and then canceled and stopped issuing visas to 23 employees of state structures of Russia. At the same time, in order to please Uncle Sam, Japan stopped consultations on the issue of disputed islands, suspended negotiations on signing investment treaties.

Australia, an ally of the United States for the military-political bloc SEATO, in March 2014 canceled a number of official visits to Russia, and then froze accounts and banned the entry of a number of Russians who allegedly threatened "the sovereignty and territorial integrity of Ukraine." In May of the same year, this country expanded its sanctions list to 38 Russians and 11 companies, and in September introduced a ban on Russia's supply of equipment for the oil and gas sector. However, the most significant of all previously adopted restrictions was the ban on Russian banks to take cheap loans in Australia in foreign currency. In addition to depriving the lending of our banks, the government of this country imposed a ban on investments in the Crimea and trade with it. This was already a serious economic measure of pressure on our country.

The World Bank, based on the above facts, issued a negative outlook for the development of the Russian economy in the face of Western sanctions. According to the forecast, Russian enterprises, faced with restrictions in terms of access to international capital markets, will have to reduce their investment activity, and Russian banks, exempt due to favorable borrowing abroad, will worsen their credit policy, as a result of which "in the Russian economy will be a long recession" [1].

The money resources aimed at maintaining the liquidity of the banking system and the real sector of the economy contributed to overcoming the negative impact of Western sanctions.

Seeing that the imposed restrictions practically do not affect Russia, the European Union on May 12, 2014 expanded the list of persons against whom sanctions were imposed for 13 people, and imposed sanctions against the companies "Chernomorneftegaz" and "Theodosia."

Canada, acting in sync with the United States, extended sanctions to sixteen Russian banks and companies, and in July 2014 this state expanded its sanctions list to include another 190 large Russian companies. Thus, Canada almost completely duplicated the US sanctions list.

Similar measures of economic impact on Russia were taken by the European Union. On July 30, the European Union imposed sanctions against the Russian National Commercial Bank, Almaz-Antey Concern and Dobrolet Air Company, a subsidiary of Aeroflot. EU countries closed access to Russian banks and key companies for the lending market, where our businessmen could earlier take on their shares cheap foreign currency loans, which were much more profitable than domestic borrowing. At the same time, the European Union has banned investments in the Russian economy, including in the energy sector, oil, gas and other raw materials. It is forbidden to supply equipment for these sectors. This was a serious blow to the commodity economy.

On August 6, 2014, the US administration set out to strike at the most vulnerable place in the Russian raw materials economy - in its oil and gas sector, which brings the main revenue to the state budget. It banned the supply of equipment to Russia for oil production, as well as drilling rigs and platforms, high-pressure pumps, marine equipment for work in the Arctic. In addition, the United States introduced a mandatory verification that Russia could not acquire unique equipment through third countries.

Vulnerability of the Russian economic strategy of the last decade is, as you know, in the rate for the export of energy carriers and other raw materials. Therefore, the US has sought through sanctions to disrupt the volume and stability of energy exports from Russia. Bulgaria, a former USSR ally in the Warsaw Pact, a member of the Council for Mutual Economic Assistance, through which it received financial and other assistance from the Soviet Union, joined the EU sanctions imposed on Russia on April 11, 2014. On June 8, 2014, Bulgaria suspended work on the South Stream gas pipeline project, which was built to supply Russian gas to Europe bypassing Ukraine. It was one of the most painful blows for our country.

However, it was not possible to completely break the raw export of Russia to Europe by the Obama administration because of the economic interest of European states in Russian oil: Russia accounts for 46.38% of the European structure of oil consumption. Therefore, it is unprofitable for Europe to join the US initiative, declare an embargo and thereby deprive itself of the lion's share of consumed energy resources. Russia sells 67.5% of its export oil to Europe, and the United States only 6% [2, p. 158].

It should be recognized that as a result of the imposed economic sanctions of the West, the banking, defense and energy sectors of the Russian economy suffered to varying degrees. Although the media were pretending in every possible way that they did not achieve their effect. This is not true. Suffice it to say that Russian banks, having lost access to cheap Western loans (where they took financial means and instruments at very low interest rates - from 2 to 5% per annum, and borrowers in the homeland gave them already with a large margin - at 15-20% per annum) lost profits in the hundreds of billions of dollars.

The US Treasury Secretary, by the law of 2.08.2017, received the right to impose sanctions on Russian state-owned companies operating in the railway, metallurgical and mining sectors. In the original version, shipping was also indicated, which threatened to trouble the state operator of the tanker fleet Sovcomflot.

The document also implies tougher sectoral sanctions against Russian oil and gas companies. In particular, the term of lending to Rosneft, Gazprom Neft, NOVATEK and Transneft is proposed to be cut from 90 to 60 days. In the original version it was suggested to shorten this period to 30 days. Another change concerns the restrictions on the transfer of American technologies for the exploration and production of Russian oil in the deep water, on the Arctic shelf and in shale formations. Earlier, American companies were prohibited from supplying goods, services or technologies for such projects, if

they are led by Gazprom Neft, Gazprom, Surgutneftegaz, Rosneft or LUKOIL, projects in which one of the five of these Russian companies owns a share of 33%. The ban will only concern "new" oil projects in the deep water, the Arctic shelf and in the shale formations. They see the desire of the senior partner to squeeze Russian natural gas from Europe and replace it with American liquefied gas. The law allows the US president to impose sanctions related to the exchange of energy between Russia and Europe and financial institutions. The law also may be applied to new pipelines in the construction phase, as well as to maintenance of the existing pipelines (including those passing through the territory of Ukraine). However, if Gazprom does not complete the construction of new pipelines by 2019, gas supplies from Russia to Europe will depend on the results of negotiations with Ukraine on transit. At the same time, there is the possibility of a temporary cessation of gas supplies. The "Nord Stream-2" gas pipeline depends on the degree of firmness of the West European partners, and they need it. It should be recalled that both the first oil pipeline and the Druzhba gas pipeline met strong resistance from the United States, it made every effort to prevent them from being built. But Europe insisted, because they needed it. So now, everything depends not on Russia [3].

International payment systems Visa and MasterCard in 2014, at the request of the Ministry of Finance, temporarily stopped servicing the cards issued by Russian banks. This prompted Russia to create its own system for servicing bank cards and on March 27, 2014, President V.V. Putin instructed relevant structures this work [4]. In late October 2016, Sberbank started issuing cards of the national payment system "MIR". This is quite a welcome event, as many banks in Russia have long been offering similar cards to their customers. The payment system "Mir" will become mandatory for state employees, who make up almost half of all workers in Russia. From July 1, 2018, all employees of the budgetary sphere (civil servants, state employees, beneficiaries of social payments) transferred to the Mir card. And pensioners already having cards of other payment systems will be able to change them to "Mir" cards after the expiration of their validity, but not later than July 1, 2020.

It should be emphasized that, in connection with the sanctions imposed, the flow of foreign investment in Russia is gradually decreasing. If before the introduction of sanctions in the Russian economy, only 40.14 billion dollars were invested in the first quarter of 2013, then in 2014 there was a sharp decline and the volume of direct investments amounted to only \$ 20.958 billion, which is 30.3% compared with the previous year. Foreign businessmen who want to invest in the economy of the Russian Federation realize that investments are not only related to high levels of corruption [5], bureaucratic obstacles, but also to increased economic and political risks due to imposed sanctions. In 2015, the production of Opel cars was closed, in the IT sector closed offices of Google, Skype, Adobe Systems, significantly reduced its presence Raiffesen Bank [6]. In 2018, foreign investment in Russia fell to 3 billion US dollars. The dynamics of foreign investment reflects the increased risks faced by investors conducting business in the territory of the Russian Federation. Foreign investors, even if they do not agree with the policy of sanctions against our

country, will not go to confrontation with their authorities. Therefore, Russia has to rely more on its own resources.

It should be noted that because of economic backwardness, Russia is extremely dependent not only on foreign investment, but also on imported technologies and goods. At present, the share of imports in various sectors of the economy is extremely high. According to the Ministry of Industry and Trade of the Russian Federation, its own production in such important sectors as heavy engineering, machine-tool construction, radio-electronic industry is only 20-30 percent of the demand, and the share of imports exceeds the permissible limits to ensure national and economic security of the country. This is evidenced by the following data: Civil aircraft construction more than - 80%; Heavy engineering (depending on the product category) - 60-80%; Oil and gas equipment 60%; Machine-tool construction in light industry - 70-90%; Agricultural machinery (depending on the product category) - 50%-90%; Radioelectronic industry - 80-90%; Pharmaceutical and medical industry 70-80% etc. [7, p. 37].

"Unfortunately, most of the technological equipment currently used by Russian industry lags behind the advanced level, not even for years, but for decades," acknowledged V.V. Putin when he was in his first presidential term [8].

The lack of financial and material resources, political instability, and crisis phenomena in the economy did not facilitate the implementation of the state policy of import substitution. It is not difficult to imagine what will happen in the Russian Federation if, with an exacerbation of relations with the West, imported medicines cease to flow, and such inhumane sanctions are quite real. The course towards Russia's international isolation, limiting its access to world financial markets, modern technologies can increase the already substantial technological gap in Russia from Western countries.

II. PROBLEM STATEMENT

When investigating the problems of anti-Russian sanctions, the authors mainly focused on analyzing their impact on the economy of the Russian Federation. The greatest interest of researchers was caused by such problem, as mutual losses from the imposed sanctions both from Russia, and from those who introduced or supported them. France, implementing the decisions of the European Union, thwarted the supply of two paid helicopter carriers "Mistral" to Russia, despite financial losses and penalties. In the Western press, it was suggested that the dissolution of a military contract beneficial to France was caused by fears that Russia could use its "Mistrals" in the Crimea or elsewhere in the alleged conflict with Ukraine.

Of course, the Russian leadership could not leave the political and economic sanctions of the West without an adequate response. One of these answers was the Decree of the Head of State of August 6, 2014 No. 560 "On the application of certain special economic measures to ensure the security of the Russian Federation, a ban was imposed on agricultural imports from countries that imposed sanctions on Russia" [9] (USA, the country EU, Canada and Japan).

The second decree was signed by the president in November 2015, which established a ban on the import of vegetables, fruits and other food to Russia from Turkey, Ukraine and other

countries-sanctioners. Import of meat, fish, some confectionery products, chocolate, baby food, as well as cigarettes with a filter, beer and vodka was banned. This was a fairly effective response: in 2015 the Ministry of Economic Development of Ukraine estimated the losses from the trade war with Russia at \$ 98 billion. That's just whether it should be rejoice? Once the fraternal people who lived in the same state share the sanctions and impedes the normalization of already strained relations because of the events in the Donbass and Crimea.

Russian countermeasures have caused some concern among economically vulnerable countries, in particular, Turkey, Poland and Italy. Due to the closure of the Russian agricultural market in these countries, the number of jobs is decreasing, which negatively affects the performance of their agricultural sector. The European Union has already announced the estimated losses of its farmers in the amount of 400 million euros, which they suffered from the sanction war.

The Russian government, together with key oil companies, has taken preventive measures to reorient its energy resources to the markets of China, India and Japan. As a result, it was possible to conclude a number of trade agreements that increase the stability of oil exports. Only in China, 16.85% of the share of Russian oil was brought to almost 17%. In autumn of 2016, the Rosneft oil company agreed on the supply of crude oil to India for 10 years ahead. The preliminary contract with the Indian company provides for the supply of 10 million tons of oil.

Counter-sentences imposed by Russia on a number of EU countries have had a negative impact on their economies. Therefore, the sanctions have, in our view, negative economic and socio-political consequences not only for Russia, but also for those states that introduced them. So, according to the calculations of the agency "Reuters", Germany, Russia's largest trading partner, suffered serious losses due to sanctions. According to the calculations of the head of the Russian branch of the Chamber of Industry and Commerce of Germany Tobias Braumann, German exports to Russia in 2014 fell by almost 20%, with the largest losses suffered by machine-building companies. Note that before the introduction of sanctions, Germany sold goods to Russia worth 36 billion euros, and then this commodity turnover has significantly decreased through the fault of the European Union.

The European Union was forced to create a special group to reduce losses from Russia's foreign trade restrictions. According to expert estimates, Russia's economic losses from EU sanctions will amount to approximately 100 billion euros in two years. The EU countries will suffer from the restriction of Russia's access to the financial market, as well as from the ban on the supply of arms, dual-use goods and technologies [10].

The new outlines of cooperation between Russia and the EU are important not only in the conditions of the bilateral crisis of relations, but also in the period of tightening of anti-Russian sanctions by the US. On August 2, 2017, US President Donald Trump signed a new law on sanctions against the Russian economy and financial system, which was quickly adopted by the Congress and the US House of Representatives. This law, which has received the identifier H.R. 3364, involves the states of the European Union that are strategic allies of the United

States in the anti-Russian orbit. It is obvious that the next sanctions initiated by Washington are aimed at weakening the Russian economy, its financial stability and the decline of international authority. The American law on tightening anti-Russian sanctions, first of all, as analysts say, increases uncertainty for European participants in the gas market [11].

From the introduction of economic sanctions, the leading companies of Russia, primarily the oil and gas sector of the economy, suffered notable losses. So, the leading taxpayer, Gazprom because of the sanctions was forced to resort to optimization of price policy and geographical diversification of sales markets. The company also suffered from a ban on the construction of the South Stream bypassing Ukraine. Rosneft asked the government for financial assistance because of sanctions in the amount of 1.5 trillion rubles [12]. The money was needed to maintain the liquidity of the technologies that it needs to extract oil from the Arctic shelf. The oil company LUKOIL, due to sanctions, was forced to reduce its investment program. According to the calculations of the Institute of Strategic Analysis FBK, each year the continuation of sanctions costs the Russian economy a loss of about 900 billion rubles.

The US law under number H.R. 3364 obliges the Ministry of Justice, the Office of the Director of National Intelligence, the Ministry of Internal Security to work to "identify the most significant high-ranking politicians and oligarchs, determined by their proximity to the Russian regime and the size of their fortune" as well as the identification of "the sources of income of these individuals and their families (including marrieds, children, parents and siblings), their assets, investments and business interests." And another quotation: "The Ministry of Justice, the Office of the Director of National Intelligence, the Ministry of Homeland Security is charged with significantly increasing the number of investigations concerning US real estate acquired by Russian citizens or in their interests. Moreover, all these measures, in fact, are considered as extraterritorial, because Art. 252 of the law on sanctions says that the United States will work "with individual countries in Europe and Eurasia" in order to "guarantee the non-use of their financial systems to conceal the illegal financial activities of the members of the government of the Russian Federation that profit from corruption." At the same time, European structures, linked by allied and block obligations, are compelled to help the US in anti-Russian events and campaigns. The US law on sanctions was criticized in the European Union. As stated in the German Foreign Ministry, with the help of sanctions, Washington is trying to make way for the supply of US gas to the EU.

In the Kremlin, the bill was rated "extremely negative." After its approval in the Congress, Moscow ordered the reduction of personnel of American diplomatic missions in Russia. President V.V. Putin suspended an agreement with the US on the disposal of plutonium because of their unfriendly actions, making the appropriate substantiation to the State Duma. The urgent law on the suspension of the agreement with the US on the disposal of plutonium provides for the renewal of the treaty under a number of conditions, in particular: the repeal of the "Magnitsky law" and the reduction of NATO military forces concentrated along the borders with the Russian Federation [13].

Russian and Western scientists and specialists are investigating the consequences of imposing sanctions against Russia, their influence on the economy of different countries. So, in August 2017 a survey was conducted among 193 German companies operating in the Russian Federation. The study showed that 97% of the polled representatives of German business assess the new American law on sanctions negatively, among them 77% - "unambiguously negative." In a positive light, only 3% of the polled companies expressed their opinion about the new sanctions.

More than half of the respondents (52%) reported that the new sanctions, directly or indirectly, but will affect their business. "At the same time, most companies are afraid of indirect consequences. About a third of respondents (30%) indicated that the new US sanctions would not affect them. And for 18% of respondents it is not yet clear whether sanctions will affect their business. Two-thirds of companies (65%) expect that sanctions will have a negative impact on their business. Entrepreneurs are afraid of fines from the US. In addition, the survey revealed an increased degree of uncertainty: one third of respondents at the time of its holding did not know whether new sanctions would be applied to their current projects or not." Despite the tightening of sanctions, almost three-quarters of respondents (72%) plan to keep the level of business activity and investments in Russia at the same level, and 15% are going to even increase their activity and increase the volume of investments in the Russian economy. Only 13% of respondents are going to reduce their activity because of sanctions.

According to many respondents, sanctions are designed to promote the economic interests of the United States, as a result, almost three quarters of companies (73%) "call on the EU and the government of Germany to respond." Based on this survey, the researchers made an unambiguous conclusion: "The position of the German business is unequivocal: economic sanctions in any form and on any side only harm business and economic relations" [10].

III. RESEARCH QUESTIONS

The main problem of the present study, as noted above, is to investigate the problems that have arisen in Russia with the European Union, the US, and other states after the imposition of sanctions. In the framework of this study, there are not only the causes of the deterioration of these relations. It should be recalled that the European Union began imposing sanctions against Russia in March 2014. On March 6, at an emergency summit of the EU, it was decided that "in the absence of detente in tension in the Crimea "The European Union will apply" measures of pressure on Russia". At the same time it was announced that three stages of sanctions are planned. The first stage was the decision taken on the same day to cancel the June Russia-EU summit, suspend negotiations on a visa-free regime and a new basic agreement on cooperation. The EU promised that at the second stage "targeted measures would be introduced against those responsible for the escalation of the situation in the Crimea", and at the third stage - sectoral sanctions, that is restrictive measures of trade, financial and military nature. On March 17, the EU began to apply sanctions related to the second stage. A list of 21 individuals was published, including Sergei Mironov, Head of the State Duma's "Just Russia" fraction, and

Sergei Aksyonov, the Crimean Prime Minister. They were banned for six months from entering the EU countries, and their banking assets in the EU countries (if any) were frozen. On March 21, the European Union expanded the sanction list in connection with the "further escalation of the Ukrainian crisis." Under the sanctions were, in particular, Deputy Prime Minister Dmitry Rogozin, President's Adviser Sergei Glazyev, Federation Council speaker Valentina Matviyenko and State Duma speaker Sergei Naryshkin [14].

In September 2014, the debt financing of three fuel and energy companies Rosneft, Transneft, Gazprom Neft) and the three largest defense concerns (Uralvagonzavod, Oboronprom and United Aircraft Corporation) was banned; the restrictions on trading in their bonds with circulation terms in excess of 30 days, and the participation in the issue of such securities were imposed. Nine Russian defense concerns are banned from supplying European dual-use technologies. The limits on the provision of loans and provision of investment services to five Russian banks - Sberbank, VTB, Gazprombank, VEB and Rosselkhozbank - have been established. He operations with new bonds and other securities having circulation term in excess of 30 days are prohibited [14]. Cooperation with Russia in the field of services for deepwater development of oil fields and oil production is limited.

Thus, these and other facts confirm the complication of relations between Russia and the EU because of economic sanctions introduced at the initiative of the United States.

Today, Europe, being convinced of the unprofitable continuation of economic sanctions against Russia, is trying to find its own ways of developing relations, without US dictates. At the EU summit on March 19, 2017, a political statement was adopted that the effect of economic sanctions against the Russian Federation should be tied to the full implementation of the Minsk accords by the end of 2015. However, the decision to extend the sanctions was not taken. Some countries do not support the sanctions policy towards Russia. On May 3, 2017, in an exclusive TASS interview, Czech President Miloš Zeman announced that Western sanctions against Russia should be abolished, as they increased tensions and did not lead to a detente. "Sanctions are not only ineffective, but, on the contrary, counterproductive, they increase tensions rather than promote detente." Austrian Chancellor Werner Faymann says the same, the same opinion is shared by Slovak Prime Minister Robert Fico and Hungarian Prime Minister Viktor Orbán," the President of the Czech Republic underlined. Miloš Zeman supported the early abolition of anti-Russian sanctions [15]. According to him, the pressure on Russia is unsuccessful and leads to increased tensions in relations with the West. On March 31, 2017, the Prime Minister of Greece stated that Athens did not agree with the sanctions of the West against Russia, it was a road to nowhere. The Greek prime minister stressed that "economic war as a continuation of a real war implies a dead-end policy".

"I am for diplomacy," said Tsipras, "I consider it very important to achieve the Minsk accords" [16]. I believe that everything possible must be done to end tensions in Ukraine. " Cyprus also spoke out against the sanctions policy, as this could

eventually lead to negative consequences for the economies of European countries.

The anti-sanction policy from words gradually turns to action. Thus, despite the extreme position of the United States in relation to Iran, France recently signed the largest contract for the construction of an automobile plant "Renault" in Iran. Europe will be less united, each will begin to find its way. The only country which will more or less coordinate its policy with the United States is the United Kingdom. But the anti-Russian orientation of Britain is even more ancient and pathological than the American one. And all other European countries will somehow improve relations with Russia in the economic field. At least the concept of a united Europe against the backdrop of the EU's relations with the United States is becoming more and more problematic. And when Europe is not united, then there are more options and opportunities for each country to develop its economic, political ties on its own.

The political influence and financial injections gradually decrease, as well as the desire of the states of Europe to participate in the Ukrainian conflict. In the absence of international assistance, the gradual degradation of the Ukrainian economy challenges the existence of the current regime. It is difficult to predict whether it will be as a result of elections, or there may be a riot, seizure of power by various kinds of radicals and Nazis. It is important that any development of events will weaken the current situation. The US law under number H.R. 3364 obliges the Ministry of Justice, the Office of the Director of National Intelligence, the Ministry of Internal Security to work to "identify the most significant high-ranking politicians and oligarchs, determined by their proximity to the Russian regime and the size of their fortune" as well as the identification of "the sources of income of these individuals and their families (including marrieds, children, parents and siblings), their assets, investments and business interests." And another quotation: "The Ministry of Justice, the Office of the Director of National Intelligence, the Ministry of Homeland Security is charged with significantly increasing the number of investigations concerning US real estate acquired by Russian citizens or in their interests.

IV. PURPOSE OF THE STUDY

The aim of the study is to analyze the situation and determine further steps on both sides to improve relations between Russia and the EU, despite anti-Russian sanctions.

V. METHODS OF RESEARCH

The following methods are used in this study. A comparative method, which makes it possible to compare the various political, economic socio-historical, national-cultural contexts of Russia's relations with European states. At the same time, the main emphasis is on generalizing the polishing experience in the past. Comparing the relationship before and after the introduction of sanctions can be traced the dynamics, the main trend of these relations in our days.

Systemic and structural-functional approaches allow one to form a holistic view of the mechanisms of relations between the state, civil society and political parties. The institutional approach makes it possible to analyze the influence of various

state institutions of the USA, European Union and Russia on the ongoing processes.

VI. FINDINGS

As a conclusion, the following should be noted.

First, the economic sanctions imposed by the Western countries led by the United States can significantly slow down the growth of the Russian economy. The fact that in 2015 and 2016. Russia's GDP showed negative values, there is a certain negative impact on Western economic sanctions. More precisely, the macroeconomic effect of sanctions for the Russian economy is still difficult to determine, but it is already clear that Western sanctions did not lead to the collapse of the Russian economy, as the US and its allies counted on, but some negative phenomena in the Russian economy, as mentioned above, all the same was not possible. The Prime Minister of the Russian Federation stressed that due to the sanctions there were "not the best conditions" for external borrowing, the situation also "does not contribute" to the inflow of foreign investments. Dmitry Medvedev said that "sanction will not have catastrophic consequences on the Russian economy" [17].

Second, the response measures taken by the leadership of our country are capable of not only causing notable damage to Western economies, but also introducing complications for domestic entrepreneurs.

Third, apart from the negative consequences of the imposed sanctions, it is hoped that they will be an additional incentive for the modernization of the Russian economy, its transfer from the raw material to the innovative, industrial development path. And this work began with the implementation of the president's instructions on the need for import substitution, both in industry and in agriculture.

Fourth, the reduction of foreign investment in the Russian economy forces the Russian government to take long-overdue measures, including more efficient use of domestic sources for the growth of the domestic economy. President of the Russian Federation V.V. Putin, speaking at a press conference in India on the results of the BRICS summit on October 17, 2016, referring to Western sanctions and retaliatory measures, stressed that the Western states "have never managed to achieve the goals for which they were committed with the help of sanctions." At the same time, the head of the Russian state noted that our country has regained its position as a full-fledged player in the political arena, and therefore, "the West seeks to hinder strengthening of our positions by any means" [18]. As a confirmation of these words, Barack Obama's "lame duck", while leaving his post, extended anti-Russian sanctions.

US President Donald Trump called anti-Russian sanctions difficult, noting that cooperation with Russia is beneficial to the whole world. Earlier, Trump said he hoped for Putin's help in solving the North Korean crisis. Trump wrote on Twitter on the results of the Asia-Pacific Economic Cooperation (APEC) summit in Vietnam, held in November 2017.

VII. CONCLUSION

The leitmotif of the need to apply sanctions against Russia was its participation in the events that unfolded on the territory

of the neighboring state - Ukraine. By the end of 2013, a civil revolution had begun in Ukraine, which led to a coup d'état. One [western and central] part of Ukraine's population supported a coup d'état, while another [southeastern] part of the country's population opposed it. Since the conflict of political and other interests was accompanied by acts of violence in different parts of the country, separatism in the southeast of the country sharply increased in Ukraine. The first to withdraw from the unitary Ukraine was declared by the Autonomous Republic of Crimea [and the city of Sevastopol], having conducted on March 16, 2014 a referendum on the formation of the Republic of Crimea with the subsequent intention of joining Russia on the rights of the subject of the Federation. Russia supported the holding of the referendum by a military presence on the peninsula. The referendum was voted by 82.71% of voters, with a result of 96.77% for joining the Russian Federation. On March 17, the leadership of the Republic of Crimea asked Russia to join as a subject. In the end, the Russian Federation recognized the referendum in the Crimea and granted a request for the annexation of the peninsula to Russia, since Crimea has an important strategic importance for the Russian Federation in the Black Sea region.

The international community, in the person of states with developed market economies, primarily the United States, did not recognize the referendum in the Crimea and found the Crimea's joining Russia, despite the will of the population of Crimea itself, an act of military aggression towards Ukraine's territorial integrity. Separate trends covered the east of Ukraine - the Donbass region. On the basis of the Luhansk and Donetsk regions of Ukraine on May 11, 2014, the Luhansk People's Republic and the Donetsk People's Republic were proclaimed through a referendum. In Ukraine, a war broke out on the one hand for preserving the territorial integrity of the unitary Ukrainian state, on the other hand, for the formation of a new [con] federal state formation, Novorossiia, on the basis of the south-eastern regions of Ukraine. Despite the fact that the Russian Federation has not officially recognized LDP and the DNR until today, it did not introduce its peacekeeping troops into the territory of Ukraine, nevertheless, the blame for the events and the escalation of the conflict and violence in southeast of Ukraine are western countries, including Australia and Japan, try to entrust exclusively to Russia. Although the Western countries themselves provide financial, humanitarian, technical and other assistance to the Ukrainian authorities in the current civil war, which automatically makes them involved, that is, equally responsible. Mutual participation of the parties in the Ukrainian conflict indicates the nature of the geopolitical confrontation. Therefore, the first reason sanctions - is geopolitics.

The Ukrainian conflict has become a convenient formal reason for the restriction, with subsequent elimination of competition from Russian companies in the world and primarily the European market, as transnational US companies are interested in increasing their share in the world, including the European market, where Russia delivers its oil and gas, trying to diversify their supply to the EU countries. Mechanisms for eliminating competition from Russian companies, primarily in the oil and gas industry, are chosen not market-oriented, but political, through sanctions. Since the European Union

consumes a lot of hydrocarbons and is solvent, American and British oil companies are seeking to squeeze out Russian oil and gas companies by any means from the European market.

It seems to us that sanctions against Russian companies and banks will increase in order to try to get the Russian companies out of the European markets.

Thus, the accession of the Crimea to Russia, its assistance to the population of Donbass and Lugansk became a convenient reason for imposing economic sanctions to squeeze out Russian oil and gas companies from the European market.

In January 2018, the US Treasury published the Kremlin list. Almost all of Russia's leadership, as well as large businessmen and public figures, were in it - only 210 people. The criterion of selection for officials was proximity to the highest echelons of the Russian government, for businessmen the same amount of income is not less than \$ 1 billion. When the sanctions against the persons mentioned in the list begin to act, it is unclear. But as Nikolai Zlobin, head of the Center for Global Interests in Washington, pointed out, entrepreneurs are very vulnerable to sanctions: large Russian businesses have extensive partnerships with the West and they have something to lose. As reported by the agency Bloomberg, Russian businessmen have already begun to notice that their activities are paid more attention after the publication of the "Kremlin report" in the United States [19].

The United States is considering the possibility of imposing additional sanctions against the Russians.

Time will tell whether these and other hopes of the United States and its allies, which actively carried out anti-Russian sanctions, will come true. History shows that the sanctions repeatedly imposed by the West against the USSR were defeated. Russia, in our opinion, has all the resources to successfully overcome such unfriendly actions of Western states led by the United States.

References

- [1] "The World Bank predicts a long recession in Russia in the event of increased geopolitical risks," 2017. Retrieved from: <http://itar-tass.com/>
- [2] V.V. Moiseev, "Russia in a global crisis," Moscow: Direct Media, 2014, p. 803.
- [3] "Trump signed the law on anti-Russian sanctions," 2017. Retrieved from: <https://ria.ru/world/20170802/1499630941.html>
- [4] "Will Russia be able to refuse Visa and MasterCard bank cards?" 2014. Retrieved from: <http://www.aif.ru/dontknows/eternal/1130833>
- [5] V.V. Moiseev, V.Sh. Guzairov, and V.A. Vasneva, "To Question about Struggle Against Corruption in Russia," *The Social Sciences*, vol. 10 (3), pp. 265-272, 2015.
- [6] "Foreign investment in the Russian economy - a modern stage and prospects," 2017. Retrieved from: <https://promdevelop.ru/inostrannye-investitsii-v-ekonomike-rossii/>
- [7] V.V. Moiseev, "Import substitution: problems and prospects in Russia," Moscow, Berlin: Direct Media, 2016, p. 362.
- [8] "Message to the Federal Assembly of the Russian Federation," 2006. Retrieved from: <http://kremlin.ru/events/president/transcripts/23577>
- [9] The Decree of the President of the Russian Federation from August 6, 2014, No. 560 "On the Application of Certain Special Economic Measures to Ensure the Security of the Russian Federation," Retrieved from: <http://base.garant.ru/70711352/#ixzz3sF9AOjBB>

- [10] "The EU will suffer the most from the Russian embargo," 2017. Retrieved from: <https://www.interfax.ru/business/390414>; "EU suffers because of anti-Russian sanctions more than Russia," Retrieved from: http://www.ng.ru/economics/2017-09-14/1_7073_eu.html
- [11] "Trump signed the law on sanctions against Russia," 2017. Retrieved from: <https://www.bbc.com/russian/news-40805416>
- [12] "From the new EU sanctions will suffer most "Rosneft"," 2014. Retrieved from: <https://www.rbc.ru/economics/12/09/2014/570422159a794760d3d416f640805416>
- [13] "Putin demanded from the United States to cancel the "Magnitsky law" and sanctions," 2017. Retrieved from: <https://www.ntv.ru/novosti/1668385/>
- [14] "All sanctions of the West against Russia," 2016. Retrieved from: <http://m.tass.ru/mezhdunarodnaya-panorama/1055587/3>.
- [15] "Milos Zeman: sanctions against Russia should be lifted now, not in the future," 2016. Retrieved from: <https://tass.ru/interviews/2668923>
- [16] "Alexis Tsipras: sanctions against Russia - the road to nowhere," 2016. Retrieved from: <https://tass.ru/mezhdunarodnaya-panorama/1867382>.
- [17] "Sanctions will not be able to overwhelm the Russian economy, said Medvedev," 2019. Retrieved from: <https://ria.ru/20190214/1550881631.html>
- [18] "Putin's press conference following the BRICS summit," 2016. Retrieved from: <https://russian.rt.com/article/326407-press-konferenciya-putina-po-itogam-sammita-briks>; "Vladimir Putin told in India about Western sanctions and counter measures," 2016. Retrieved from: <http://www.russkiymir.ru/news/215335/>
- [19] "Bloomberg: Russian businessmen are returning their assets to Russia because of sanctions," Retrieved from: <https://tass.ru/ekonomika/5594460>
- [20] "Disclosed details of new US sanctions against Russia," 2019. Retrieved from: https://lenta.ru/news/2019/02/14/sanctions_against/94460