

The effects of targeted economic sanctions on Western countries exports

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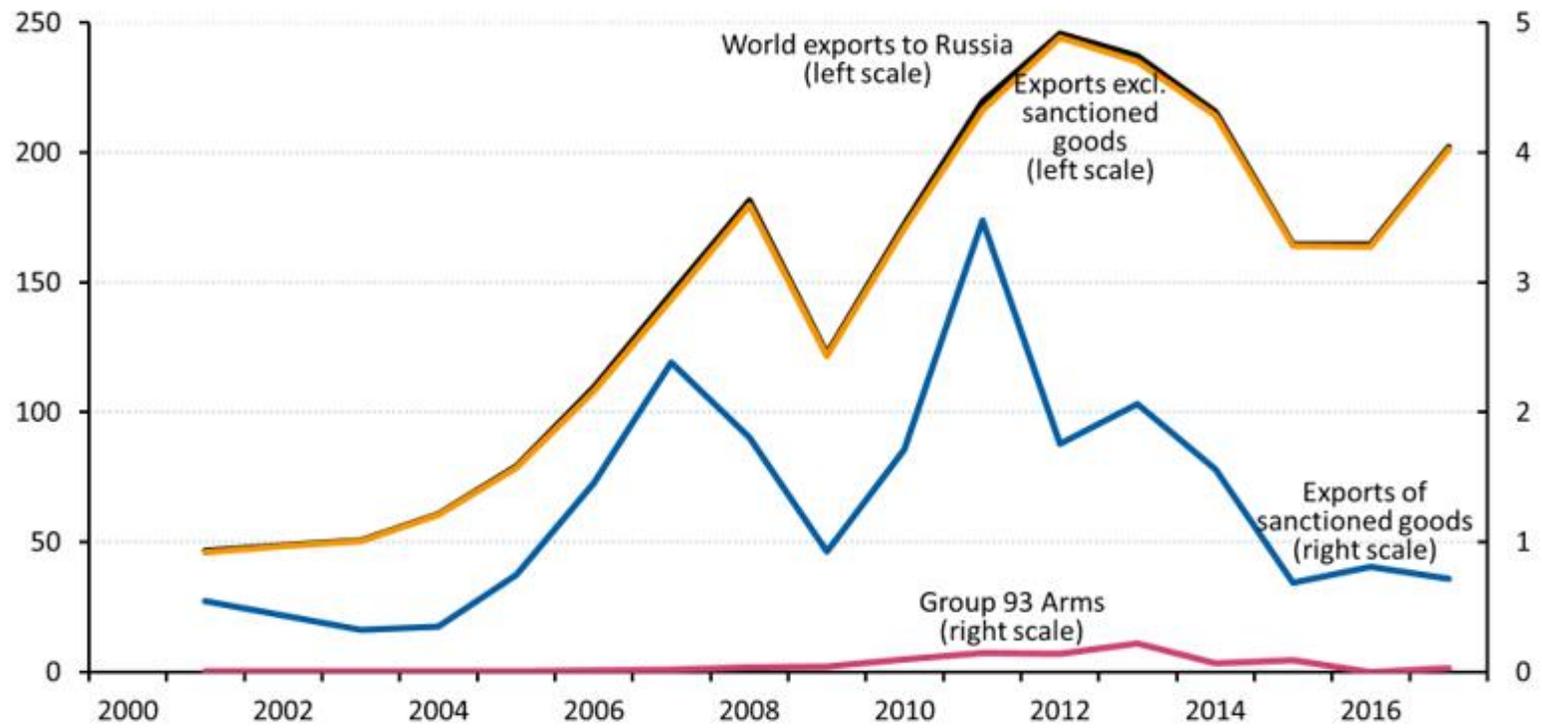
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World exports of sanctioned goods to Russia (EU's sanctions) 2001–2017, billion euros

- China
- Germany
- USA
- Ukraine
- Belarus

- Ukraina
- China
- South Korea
- Germany
- USA



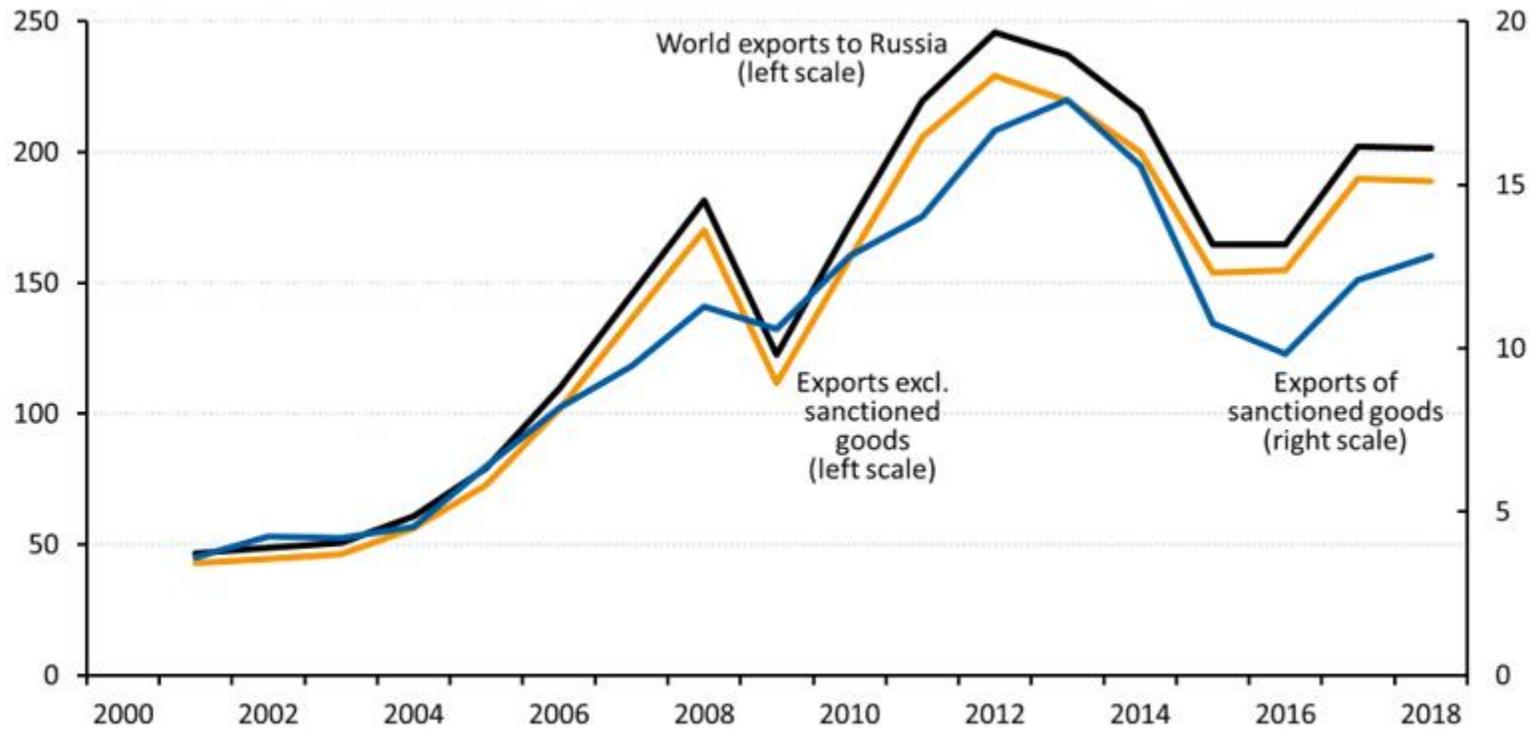
Source: International Trade Centre

- The effects of EU's sanctions are estimated by calculating the share of sanctioned goods of total commodity exports to Russia for each country

World exports of counter-sanctioned goods (import restricted) to Russia 2001–2018, billion euros

- China
- Germany
- USA
- Ukraina
- Belarus

- Brazil
- Belarus
- Turkey
- USA
- China



Source: International Trade Centre

- The effects of counter-sanctions are estimated by calculating the share of counter-sanctioned goods (foodstuffs) of total commodity exports to Russia for each country

Results from previous macroeconomic research:

- Russian imports declined notably 2014-2016 as a result of falling demand and the sharp rouble depreciation (Korhonen, Simola and Solanko 2018)
- Between 2013 and 2015 falling oil prices explains 80 % of the decline in Russia's GDP and import demand, with very little left to be explained by sanctions or other factors (Ahn and Ludema 2017)
- IMF: Low oil prices reduced the Russian GDP growth rate by 0.7 percentage points per year in 2014-2018 (Korhonen 2019)
- IMF: Sanctions reduced the Russian GDP growth rate by 0.2 percentage points per year in 2014-2018 (Korhonen 2019)
- Counter-sanctions resulted in increased domestic prices, declining consumption and increased domestic production (Volchkova, Kuznetsova and Turdeyeva 2018)

cont. Results from previous research:

- Russia's counter-sanctions have become part of its general import substitution policies (Korhonen 2019)
- Trade flows: Russia switched to imports from non-banned countries for both banned and non-banned products (Cheptea and Gaigné 2018)
- Sanctions and counter-sanctions have had quite a small effect on the exports of most EU countries (Ahn and Ludema 2017)
- The number of destination markets for EU exporters increased after the Russian food ban. (Cheptea and Gaigné 2018)
- Losses in EU exports to Russia have been hard to compensate, trade flows have been rechannelled only marginally to other destinations, especially the African continent and China (Fritz, Christen, Sinabell and Hinz 2017)
- Sanctions and counter-sanctions have reduced FDI net inflows (Barsegyan 2019)

EU sanctions and counter-sanctions – some figures

	2001-2014		2015-2017	
	bill. euros	share %	bill. euros	share %
Total exports of goods to Russia				
World	1936.3		531.4	
EU	830.5		193.7	
Exports of EU-sanctioned goods to Russia				
World	19.5	1.01 %	2.2	0.42 %
EU	5.4	0.28 %	0.8	0.15 %
Ukraine, USA, Japan, Canada, Australia	7.7	0.40 %	0.5	0.10 %
Share of total EU exports to Russia		0.65 %		0.42 %
Exports of countersanctioned goods to Russia				
World	139.2	7.2 %	32.7	6.2%
EU	40.0	2.1 %	0.6	0.1 %
US, CA, NO, CH, IS, AL, AU, NZ	21.6	1.1 %	0.6	0.1 %
Share of total EU exports to Russia		4.8 %		0.3 %

Conclusions from the study

- EU's trade sanctions
 - have had the greatest impact of the economies of Ukraine, the United States, Japan, France, [Australia](#) and Latvia
 - Finland has suffered less from the EU trade sanctions than the rest of the world on average
- Counter-sanctions
 - Share of import restricted foodstuffs > 20 %:
Iceland, Norway, Greece, Canada, Denmark, [Australia](#) and Lithuania
 - the countries with the smallest shares of import restricted foodstuffs have suffered the least from Russia's import restrictions on the country level:
Ukraine, Finland, France, Germany and Italy
 - Finnish dairy industry has however been hit very hard, i.e. Valio Ltd.



Thank you !

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