

Russia faces new sanctions on the second anniversary of its full-scale invasion

Iwona Wiśniewska

On 23 February, the European Union introduced its thirteenth package of sanctions against the Russian Federation. The document primarily imposes individual sanctions on 106 individuals and 88 entities from Russia. Additionally, trade restrictions have been imposed on 27 companies (including from third countries) who are involved in supporting the Russian defence sector. The list of sensitive goods prohibited for export to Russia has also been expanded.

At the same time, the list of sanctions (mainly on individuals) has also been expanded by the United States (this is the largest package since the beginning of the Russian invasion), the United Kingdom and Australia. Japan, for its part, has declared it intends to impose additional restrictions in the coming days.

Commentary

- The expansion of sanctions against Russia was a coordinated action by a coalition of Western countries (the G7 plus Australia), aimed at demonstrating their unity and determination after two years of the Russian full-scale invasion of Ukraine. The new restrictions have also been imposed in response to the death of Alexei Navalny in a penal colony, for which the Russian government is responsible either directly (by ordering his execution) or indirectly (by subjecting the opposition leader to prolonged torture). Considering the motives for adopting this latest package of sanctions – as well as the local successes of the Russian army on the front, the escalation of the Kremlin's anti-Western rhetoric and the growing repression against the Russian public – the Western response can be considered relatively weak. It is worth noting that the imposition of economic restrictions was not been accompanied by clear declarations of intensifying military support for Ukraine in its fight.
- The most important among the recently imposed sanctions are those affecting companies from third countries (such as China, India, Kazakhstan, Serbia, Turkey and the United Arab Emirates) aimed at countering the circumvention of restrictions. Previous experiences have shown that the use of such instruments (primarily by the US so far) against a narrow group of entities can effectively discourage other companies from cooperating with Russian businesses. They do not want to risk their relationships with Western partners, with whom they usually maintain close ties. For example, in recent days there have been reports of banks in Turkey and China discontinuing services for

entities from Russia that are subject to Western restrictions, as a result of the secondary sanctions imposed by the US. Similar restrictions adopted in autumn 2023 against tankers and traders contributed to a reduction in Moscow's revenues from oil exports in recent months: they increased the discount on Russian crude compared to other producers, and also made it more difficult to unload it, including in India.

- The new package of sanctions, like the previous ones, will increase the costs of goods imported into Russia and hinder the export of Russian commodities subject to restrictions. This will reduce budget revenues, but the increase in costs will not be significant enough to prevent the Kremlin from financing the war. The effectiveness of sanctions is primarily limited by problems with their implementation and the enforcement of compliance, especially by EU member states; it has additionally been compounded by the easing of previously imposed restrictions through temporary suspensions based on special licences issued by EU countries and the US.
- Unless Kyiv begins to prevail on the frontline (which is dependent on Western military support), the Kremlin will not decide to end the armed conflict. Most probably it will be able to finance military operations and acquire the necessary parts and technologies for arms production for several more years. The Russian government is increasingly shifting the costs of the war onto businesses and society, and so far it has successfully employed its apparatus of repression and propaganda to mitigate growing public dissatisfaction. Moscow still has enough public funds to buy the loyalty of members of the *nomenklatura* and selected social groups.

APPENDIX. Restrictions imposed on Russia on 23 February 2024 by the EU and the US

1. The EU's thirteenth package of sanctions includes:

- a ban on exporting further sensitive goods to Russia which could be used for armament production (such as drones); it includes light-sensitive semiconductor elements (transistors, diodes, etc.), optical equipment (sights, periscopes, thermostats, etc.), as well as electrical and magnetic components (antennas, converters, etc.);
- tighter export restrictions regarding dual-use goods and technology on an additional 27 companies, including 17 from Russia and 10 from third countries (China, Kazakhstan, India, Serbia, Sri Lanka and Turkey: see [Council Regulation \(EU\) 2024/745](#));
- freezing the assets of 106 individuals from Russia in the EU and a ban on their entry into member states. These individuals include some associated with the Russian defence sector (such as Vladimir Sorokin, the CEO of the Iskra Machine-Building Design Bureau, which is involved in rocket engine production) and logistics (such as Svetlana Savelyeva, the CEO of M Leasing, a leasing company providing services to the Russian defence ministry). Other individuals on the sanctions lists also include the governors of the Tula, Belgorod and Ryazan oblasts, as well as ministers from the self-proclaimed government of the occupied Kherson oblast;
- freezing the assets of 88 companies in the EU, primarily Russian, mainly those associated with the defence sector; these include the Region company, which is the main

Russian supplier of aerial bombs; the Iskra Machine-Building Design Bureau, involved in rocket engine production; and the Missile General Bureau from North Korea, which is involved in supplying ballistic missiles to Russia; as well as companies associated with logistics, including the shipping company Sovfrakht, which provides services to the Ministry of Defence of the Russian Federation (see [Council Implementing Regulation \(EU\) 2024/753](#)).

2. The restrictions imposed on 23 February by the United States entail a complete ban on cooperation with the individuals and entities listed on the US sanctions lists and the freezing of these individuals' assets. These lists include:
 - 57 individuals, including the Russian ambassador to Belarus Boris Gryzlov and three representatives of the Russian prison service linked to the death of Navalny, including Valery Boyarinov, the deputy head of the Russian Prison Service, who was rewarded by Vladimir Putin after Navalny's death;
 - nearly 500 entities, including entities from the financial market, such as Avangard Bank along with regional banks, SPB Bank (which had effectively been under US sanctions since November 2023, when its owner, the Saint Petersburg Stock Exchange, was added to US sanctions lists; however, the bank was undergoing restructuring so it could be removed from the sanctions list) and the National Payment Card System, which provides card services within Russia and issues its own MIR bank card, accepted by banks in dozens of countries worldwide. The sanctions lists also include companies responsible for logistics, such as Sovcomflot, a Russian shipping company (previously only subject to financial sanctions) along with 14 of the tankers it owns, and companies from 11 third countries, including China, Liechtenstein, Serbia and the United Arab Emirates, which have been involved in supporting Russia's arms production (see [Russia-related Designations](#)).