Sanctions Summary for the period March 24-29

Since February 24, when the war began, international partners introduced about four major sanctions packages, some of which we had been preparing with partners even before the war began. But they were not implemented in advance.

The United States, the EU, Japan, the United Kingdom, Canada, New Zealand, Australia, Switzerland, Norway, Singapore, North Macedonia, Georgia, the Republic of Korea, and the Bahamas introduced several sanctions packages.

More than 1,000 Russian government officials, businessmen and propagandists are currently under sanctions. These are mainly people related to Putin, officials, oligarchs who have contributed to strengthening the position of the Russian regime, heads of industrial and financial companies whose activities are aimed at strengthening Russia's military forces, and representatives of the propaganda media. The number of people added to the sanctions lists since February 24: the UK - 822, the EU - 691, Switzerland - 686, Canada - 462, the USA - 457, Australia - 443. These include Deripaska, Kerimov, Usmanov, Abramovich, Vekselberg, Mordashov, Aven, Friedman, Timchenko, Shamalov, Rotenberg, and Sechin.

Personal sanctions on Russian "elites" include the freezing of assets, flight and travel bans, visa restrictions, and diplomatic isolation.

Sanctions are imposed against 417 companies and institutions of Russia and Belarus. The number of entities, added to the sanctions lists since February 24: the USA - 222, Switzerland - 88, Canada - 64, the UK - 59, Australia - 35, the EU - 14. These include such well-known companies as Sberbank, VTB Bank, Alfa Bank, Otkritie Bank, Rostec, Rostelecom, Alrosa, Sovcomflot, Russian Railways, Gazprombank, Novikomank, Promsvyazbank, Transneft, Gazprom, VEB, Bank Russia, Uralvagonzavod, Sogaz, Almaz-Antey, Kamaz, Sukhoi Avia.

The most significant sanctions are:

1. **SWIFT.** The US, the EU, Canada, the UK and Switzerland have disconnected 7 Russian banks (VTB Bank, Bank Otkrytie, Bank Rossiya, Promsvyazbank, Vnesheconombank, Novikombank and Sovcombank) and 3 Belarusian banks (Belagroprombank, Dabrabit Bank and Belarus Development Bank) from SWIFT. This made external transactions for such banks impossible.
2. **Financial sanctions** by the US, the UK, the EU, Japan, Switzerland and a number of other countries close the access of Russian companies to capital markets - i.e. they cannot obtain loans, place shares, etc. in the markets of many developed economies.
3. **Trade sanctions** by the US, the EU, Canada, the UK, Australia, New Zealand and Singapore prohibit exports to Russia of goods and technologies in the oil refining, aerospace, technologies and dual-use goods, and luxury goods. The United States and the United Kingdom have also banned oil and gas imports from Russia.
    a. 14 WTO members (Albania, Australia, Canada, the EU, Iceland, Japan, South Korea, Moldova, Montenegro, New Zealand, North Macedonia, Norway, the UK and the US) have withdrawn "most favored nation" (MFN) status from Russia, which means higher and more discriminatory trade barriers and restrictions for Russia.
    b. The EU, Canada, the UK, New Zealand, and Singapore have banned exports to Russia of dual-use goods that can be used for military purposes.
    c. The EU restricted the export of luxury goods produced in the EU, in particular: certain goods (clothing, artwork, alcohol, etc. from €300), cars (from €50,000), musical instruments (from €1,500). The United States, Japan, and the United Kingdom have decided to ban the export of luxury goods to the Russian Federation, and Switzerland is planning to introduce such restrictions. The United States imposed a ban on imports from Russia of seafood, vodka and spirits, and non-industrial diamonds.

d. The United States has banned all Russian oil and gas imports, and the United Kingdom will gradually suspend Russian oil imports until the end of 2022.

4. **Access to Dollars and Euros, other key currencies**. The US, Canada, France, Japan, Germany and the UK have "frozen" Russian Central Bank accounts denominated in their currencies, the National Wealth Fund and the Ministry of Finance. The sanctions have frozen about $300 billion of $643 billion of Russia's total reserves in international currencies. In addition, the U.S. Treasury Department recently banned the US residents from transactions and agreements with Russian gold.
5. **Flights**. A total of 36 countries banned all flights to Russia (closure of airspace), which was mirrored by the country-occupier in response.
6. **FATF** (Financial Action Task Force on Money Laundering) planned a coordinated approach to monitoring capital flows from Russia to certain countries in order to limit sanctions evasion.

These sanctions are already causing significant losses to the Russian economy. However, they are not enough for Russia to eliminate its ability to finance a war.

Macro. Estimates of Russia's economic decline this year range from 15% to 30%+ (Chief Economist of International Institute of Finance and KSE). During the first week of the war, Russians put more cash into circulation than in the previous two years combined. Inflation is estimated at 27.5-29.7% by the end of the year. The decline in real wages in Russia in 2022 could range from 18%[1] to 28.4% according to the estimates of Russian economists themselves. In turn, unemployment in Russia could increase to 10%, representing more than 4.3 million additional unemployed.

Prices. In the last month, the following goods and services went up in price: sugar ~28%, milk ~3%, vegetables ~49%, flour ~16%, fish ~20%, salt ~70%, some pharmaceutical goods ~25-77%, TV and radio goods ~35%, electronics and home appliances ~30%, Turkish resorts ~80%. Car prices rose by more than 28%. Retailers have limited the number of food items sold to a single person. Exports of sugar and some basic products have been restricted to overcome shortages.

Exchange rate. On March 29, the official exchange rate was 93.7 RUB/USD and 102.7 RUB/EUR. From February 24 to March 11, the ruble fell from 75 to 130.4 rubles per dollar due to the ban on banks in the US, the EU and Japan to work with Russian bank accounts and other sanctions. But high world prices for oil, gas and other commodities boosted revenues from Russian exports and helped stabilize the foreign exchange market. Therefore, the ruble has then been stabilizing - due to the lack of sanctions on oil, in particular. To stabilize the ruble, the Bank of Russia imposed strict currency restrictions for individuals and legal entities.

The companies withdrew by themselves. As of March 28, at least 830 foreign companies from 62 countries and 40 industries have suspended or ceased operations in Russia. According to the available information on 309 companies, more than 616 thousand employees will be directly or indirectly affected (transfer to reduced working hours or dismissal). The companies that declared a complete withdrawal from the Russian market had an annual income of $16.2 bln; the companies that suspended their activities in the Russian market had a total annual income of $66 bln.

[1] Centre for Economics and Business Research, UK