

European embargo on Russia, a boomerang impact on the European economy?

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It is undoubtable that the Russian invasion of Ukraine will have an astronomical impact not only for the stability of the world, but specifically for European security. In fact, 24 February 2022 was the day testifying the drastic change of the world due to military invasion launched by Russia against Ukraine, which marked a reemergence of the international armed conflict since World War II¹.

Nonetheless, the systematic attacks made by the Russian military, under the leadership of its President Vladimir Poutine, has isolated Russia from the international scene. Because even though the latter had vetoed the 25 February 2022 a resolution condemning its aggression against its neighboring country Ukraine, the General Assembly of the United Nations had adopted the 2nd of March 2002 a resolution condemning the Russian invasion over the Ukrainian territory².

The European Union was one of the main actors that has taken presently a lot of measures in order to put pressure on Russia through what we called packaged of sanctions, the objective of this article is to evaluate whether the “European embargo” would generate a catastrophic impact Russia or inversely it would cause a boomerang effect over the European organization economically.

1. The European retaliation over the Russian aggression in Ukraine

1.1. The genesis of the European sanctions against Russia

The European refusal regarding the Russian invasion on Ukraine was not only limited by the common position of its members condemning such an act that violates the fundamental principles of the United Nations’ Charter - the non-use of force against a sovereign State, for example - but it was also demonstrated by certain actions taken by the European Union (EU). At the beginning and precisely since 2014, there were a lot of signs showing the European Union’s resentment over the unjustified Russian annexation of Crimea. Firstly, there was the common European decision to suspend their discussion with Russia about the matter of visa³. Secondly, holding the G7 summit in the Belgium capital on 4 and 5 June 2014 without inviting Russia and last but not least is the suspension of negotiations around Russia adhering to the

¹ Vasily ASTROV and all, « Russia’s Invasion of Ukraine: Assessment of the Humanitarian, Economic and Financial Impact in the Short and Medium Term », policy notes and reports 59, April 2022, page 13.

² Bernard ADAM, « L’échec politique et stratégique de Vladimir Poutine », groupe de recherche et d’information sur la paix et la sécurité, 29 mars 2022, page 2.

³ The European Council and the Council of the European Union, EU sanctions against Russia, Accessed 25 July 2022 [EU sanctions against Russia explained - Consilium \(europa.eu\)](https://www.consilium.europa.eu/en/policies/eu-sanctions-against-russia/)

International Energy Agency (IEA) and Organisation for Economic Cooperation and Development (OECD)⁴.

1.2. Expanding European sanctions in light of the Russian aggression against Ukraine

However, the sphere of European sanctions has expanded remarkably against Russia since 21 February 2022 when the European Council had taken restrictive measures against five individuals, members of the Duma⁵ for supporting any action that imperiled the political independence and the territorial integrity of Ukraine⁶.

Concerning the diplomatic issue, the European reprisals consisted of not allowing Russian diplomats and businesspeople to no longer benefit from visa facilitation provision which granted privileged access to the EU countries, whereas the Russian citizens are not concerned by this measure⁷.

On February 23, 2022, the European leaders and chief of governments have approved another package of measures to retaliate the Russian president's decision when he recognized the areas of Donetsk and Luhansk sparking an enormous separatism in the Ukrainian Territory⁸.

The first package of sanctions covers a lot of measures, such as sanctions targeting 351 Russian deputies and imposing restrictions on Russia's access to the financial European market. Progressively, the European Union had continued its policy to punish the Russian State in different fields, for example, it has been decided that all the assets of Vladimir Poutine and Sergei Lavrov⁹ have been froze, and they cannot travel to EU's space¹⁰.

In addition, the ban on travel to the European territory has been extended not only to Russian State Duma members, National Security Council members, military staff and high-ranking officials but also to any Russian Vessel or aircraft that cannot enter the EU air and maritime space¹¹. Regarding the influence the disinformation has in terms of promoting propaganda and destabilizing the EU Member States, various Russian medias like Russia Today, Sputnik and Russia 24 have been legitimizing the military intervention led by Russia against Ukraine. These media have been banned within the EU due to their positions and activities, considering they act under the direct and indirect control of the Russian government¹².

⁴ The European Council and the Council of the European Union, EU sanctions against Russia

⁵ The Duma is the Russian Parliament

⁶ The European Council and the Council of the European Union, EU sanctions against Russia

⁷ The European Council and the Council of the European Union, EU sanctions against Russia

⁸ The European Council and the Council of the European Union, EU sanctions against Russia

⁹ Sergei Lavrov is the Foreign Minister of Russia

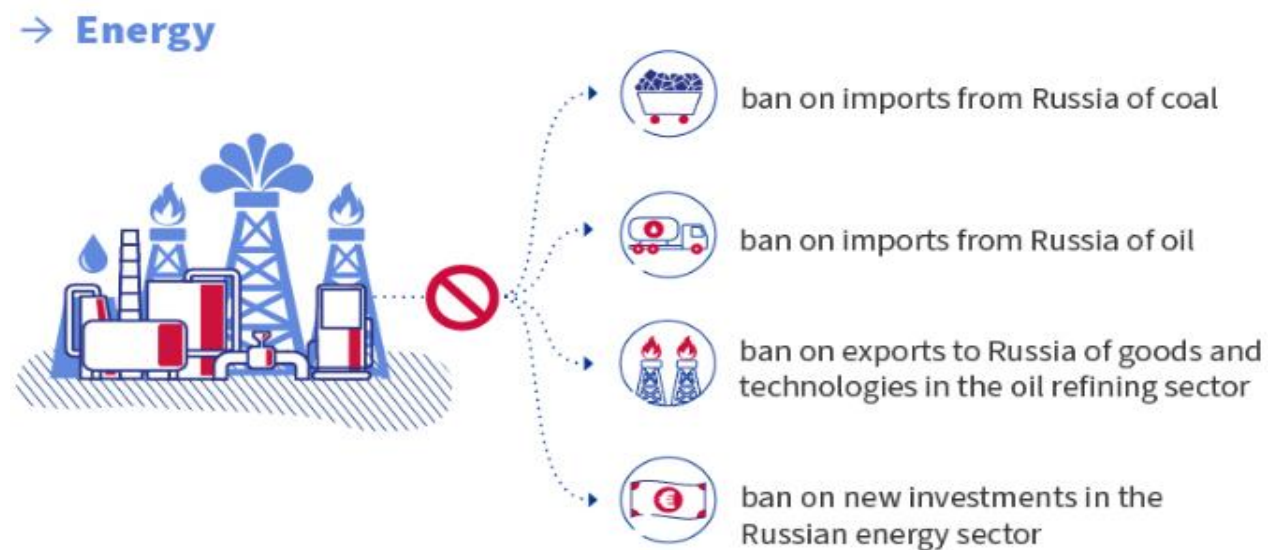
¹⁰ The European Council and the Council of the European Union, EU sanctions against Russia

¹¹ The European Council and the Council of the European Union, EU sanctions against Russia

¹² The European Council and the Council of the European Union, EU sanctions against Russia

In parallel with the political sanctions, the European Union has taken a panoply of economic sanctions in order to weaken Russia's economy. In the financial field, the EU has decided not only to ban transactions with the Russian Central Bank but to exclude seven Russian Banks such as Bank Otkritie, Novikombank, Promsvyazbank, Rossiya Bank, Sovcombank, Vnesheconombank (VEB), and VTB Bank from the famous system SWIFT¹³.

Furthermore, as we can see in the below infographic, it is forbidden to any Member State of the EU to import energy products from Russia like Coal, Oil and any means linked to the energy sector.



Source : the European Council and the Council of the European Union, [EU sanctions against Russia explained - Consilium \(europa.eu\)](https://ec.europa.eu/eu_sanctions/docs/eu-sanctions-against-russia-explained-2022.pdf)

It should be noted that these measures have not aimed at Russia but have been expanded to Belarus, the pro-Russian areas of Donetsk and Luhansk so as the zone of Crimea and Sevastopol¹⁴.

It seems that Russia is undergoing a real embargo in different domains under the unity of the European Union, on one hand, and the American alignment, on the other hand, which has adopted under the administration of Biden the same measures as the ones taken by its Atlantic ally¹⁵.

Nevertheless, the effectiveness of the European embargo on Russia must be highlighted to such a degree we should determine whether the European measures have paid off or conversely if it has created a catastrophic impact on the western world amid the unprecedented rise of Oil and gas prices.

¹³ The European Council and the Council of the European Union, EU sanctions against Russia

¹⁴ The European Council and the Council of the European Union, EU sanctions against Russia

¹⁵ The White House, fact sheet : the United States and Allies and Partners impose additional costs on Russia, 24 march 2022, Accessed 25 July 2022, [FACT SHEET: United States and Allies and Partners Impose Additional Costs on Russia | The White House](https://www.whitehouse.gov/factsheets/2022/03/24/fact-sheet-the-united-states-and-allies-and-partners-impose-additional-costs-on-russia/).

2. The aftermath of the European embargo against Russia

2.1. The European friction regarding the embargo against Russia

In theory, the aim of any embargo decreed is to achieve a determined objective via multiple pressure mechanisms¹⁶. In the case of the European embargo issued against Russia, the EU seeks to make Russia withdraw its military out of Ukraine and to take back its statement concerning its recognition of the pro-Russian zones in the Ukrainian territory. Regardless of the current isolation of Russia on the international scene, it does not seem that the objective of the European Union will be achieved in the long term by forcing Russia to retreat from Ukraine under pretext of the secret weapon of Russia that will turn the table down over the European Countries¹⁷.

The Hungarian Prime Minister, Victor Orban, admitted that the European economic sanctions will have a boomerang influence on its economy calling the action of the EU as a suicidal decision¹⁸. He emphasized that even if the support of Ukraine must be a priority for the European leaders, they have to reconsider the outcome of the sanctions imposed on Russia over the European economy¹⁹.

When there was a discussion at the US Congress about imposing sanctions regarding the Nord Stream 2 under the demand of the Ukrainian Head of State Volodymyr Zelensky, Germany had refused that the US Congress not to propose sanctions especially the German people who seemingly approve the project because it will warm their houses with an affordable price during the cold winter²⁰.

In the same direction, the chief of Hungarian diplomacy, Peter Szijarto, declared that the Russian gas is an essential substance to supply the needs of the Hungarian people indicating, at the same time, that he wanted to promote a logical solution to the war in Ukraine²¹.

In fact, the countries of Eastern Europe depend highly on Russia's oil and gas such as Hungary, Poland, Bulgaria, and Romania, who import 95%, 54%, 75.2% and 44% respectively of the Russian's oil, not to mention the Republic of Czech who imports 100% of it²². In one word, 40% represents the percentage of Russia's oil imported by the EU which demonstrates the

¹⁶ Pascal Gauchon et Jean-Marc Huissoud, *les 100 mots de la géopolitique*, que sais-je ?, page 74

¹⁷ Aura Sabadus, Putin's energy weapon : Europe must be ready for Russian gas blackmail, *Atlantic Council*, 8 July 2022

¹⁸ Euronews, EU shot itself in the lungs' with sanctions against Russia, says Orban , Accessed 21 July 2022, , [EU 'shot itself in the lungs' with sanctions against Russia, says Orban | Euronews](#).

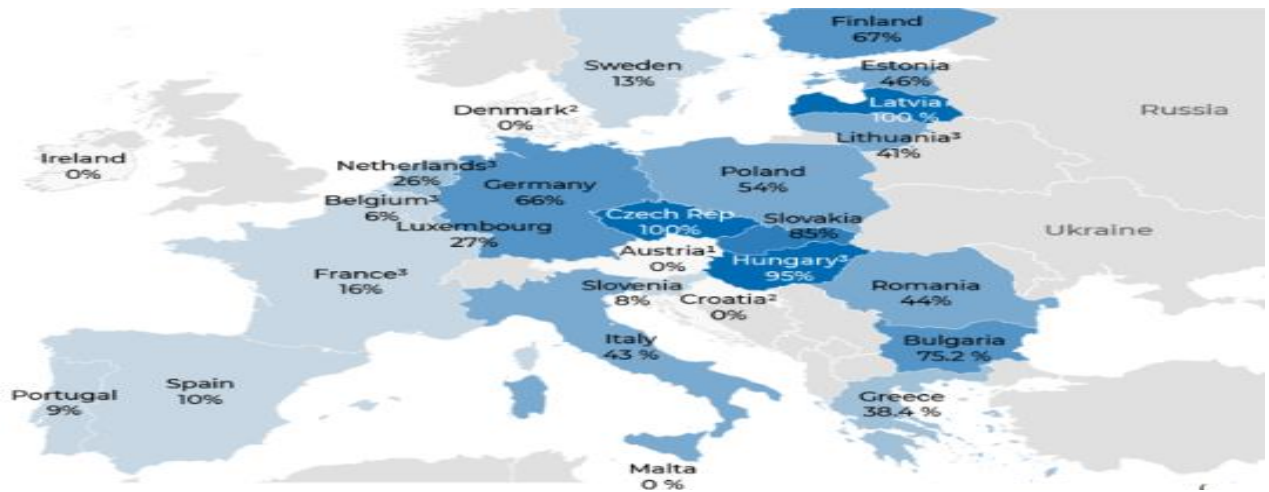
¹⁹ Al Jazeera, Nord Stream 2: Why Russia's pipeline to Europe divides the West, Energy News, Accessed 20 July 2022 [Nord Stream 2: Why Russia's pipeline to Europe divides the West | Energy News | Al Jazeera](#)

²⁰ Al Jazeera, Nord Stream 2: Why Russia's pipeline to Europe divides the West, Accessed 20 July 2022.

²¹ Al Jazeera, Hungarian Foreign Minister in Moscow for gas supply gas supply talks, Accessed July 25 July 2022 [Hungary foreign minister in Moscow for gas supply gas supply talks | Russia-Ukraine war News | Al Jazeera](#)

²² Al Jazeera, Hungarian Foreign Minister in Moscow for gas supply gas supply talks, Accessed 25 July 2022

difficulty to replace the energetic resources coming from the Russian bear of as we can observe in the map below which show²³.



Source : Aljazeera website following article, [Hungary foreign minister in Moscow for gas supply talks / Russia-Ukraine war News / Al Jazeera](#) based on the Eurostat 2021

2.2. The boomerang impact over the European countries

The European embargo has been reflected badly on the European citizens because they are currently facing the sudden inflation characterized by high prices of fuel and essential goods, which will definitely cause a massive blow to the European economy. It is worth mentioning that since the imposing of the European embargo against Russia, the latter has retaliated reciprocally by cutting off the flow of gas to six members and reducing it to six others.

In fact, the UE has been put in a critical situation amid the war between Russia and Ukraine, Fatih Birol the chief of the International Energy Agency (IEA) warned that European governments must prepare for the worst-case scenario if Russia decides to cease the flow of gas to their countries as the season of Winter approaches²⁴.

However, the ones who will be impacted by the European embargo against Russia are unquestionably the Europeans citizens as they have to pay by the global price of crude, the gasoline price in Spain went from 1.77 euro per liter on 11th April 2022 to 2.12 euro per liter on 13th July of the same year²⁵.

In contrast, Russia has shown a big level of its resiliency due to the interest shown by China and India to buy Russian fossil fuels. What is striking is the fact that Germany was surpassed by China (16.6 billion euros) as the largest importer from Russia, with India ranked in the second position. Besides this measure, the Ruble has currently become the world's strongest

²³ Al Jazeera, Hungarian Foreign Minister in Moscow for gas supply talks, Accessed 25 July 2022

²⁴ Financial Times, IEA chief warns Europe to prepare for total shutdown of Russian gas exports, Financial Times, Accessed 21 July 2022, [IEA chief warns Europe to prepare for total shutdown of Russian gas exports Financial Times \(ft.com\)](#)

²⁵ GlobalPetrolPrices, Accessed 25 July 2022, [Spain gasoline prices, 18-Jul-2022 | GlobalPetrolPrices.com](#)

performing currency, making Russia more self-independent and self-sufficient in terms of exporting of food supplies such as grains and wheat²⁶.

3. What is in the EU's arsenal in light of an eventual cease of oil and gas coming from Russia?

3.1. European's resilience, a necessity to overcome the Russian blackmail

Ursula von der Leyen, the President of the European Commission, is absolutely aware that the EU is facing a real issue regarding an eventual gas shortage. Indeed, she described the Kremlin's weaponisations of gas exports as an instrument to blackmail the EU Member States recognizing that half of EU countries are suffering from the reduction. This is the reason why the European Commission proposed a new legislative mechanism consisting of reducing the use of gas by 15% until next spring in order to save gas²⁷.

From another perspective, Ursula von der Leyen identified several advantages of the gas's substitution with other kinds of fuels. Firstly, it will safeguard supply to essential needs such as hospitals, food, and security. Secondly, it will enable the energy sector in Europe to be more stable by storing an important quantity of gas for winter and as a consequence, the price volatility and issues regarding market will be lessened²⁸.

In the same direction, the REPower EU plan taken by the European Commission has fixed some measures that will diversify energy needs based on renewable energy. This will facilitate EU countries purchasing both gas and green hydrogen which will match with the EU's vision known as the "European Green Deal"²⁹.

3.2. The diversification of gas supplying from other countries

The diversification of gas is another way out of the EU's reliance on Russia, one of the EU's new partners will be Azerbaijan considering it possesses a massive potential of renewable energy. Actually, the supply of gas from Azerbaijan gas to the EU through the Southern Gas Corridor, present in the map below, will be a lucrative deal in so far it will deliver more than 8

²⁶ NPR, Are sanctions actually hurting Russia's economy? Here's what you need to know, Accessed 25 July 2022 [Are sanctions actually hurting Russia's economy? Here's what you need to know : NPR](#)

²⁷ European Commission, Press Release, Brussels 20 July 2022

²⁸ European Commission, Press Release, Brussels 20 July 2022

²⁹ European Commission, Press Release, Brussels 20 July 2022

billion cubic meters of gas yearly as well as expanding its capacity to 20 billion cubic in the years to come³⁰.



Source : the Ministry of Energy of the Republic of Azerbaijan,
[The Southern Gas Corridor / Ministry of Energy of Azerbaijan \(minenergy.gov.az\)](https://minenergy.gov.az/)

The strategic position of some EU countries like Italy allowed it to sign a bilateral partnership in the domain of energy with Algeria, in terms of this partnership, Italy will import 40% of Algerian gas, the notable advantage of this pipeline linking the two countries is it will exceed the gas share coming from Russia, not to mention the Libyan and Azerbaijani gas³¹.

In the same way, Spain will play a major role in supplying gas to Europe thanks to the Niger-Morocco Gas Pipeline Project (NMGP) that will not only supply Europe with Nigerian Gas, but it will also reduce the EU's reliance on Russia according to Iman Mansouri, a Moroccan official at the Government's National Office for Hydrocarbons³².

³⁰ European Commission, Statement by President von der Leyen with Azerbaijani President Aliyev, 18 July 2022, Baku, Accessed 20 July 2022, [Statement by President von der Leyen with President Aliyev \(europa.eu\)](https://europa.eu/)

³¹ Reuters, Italy clinches gas deal with Algeria to temper Russian reliance , Accessed 20 July 2022, [Italy clinches gas deal with Algeria to temper Russian reliance | Reuters](https://www.reuters.com/)

³² Morocco World News, Nigeria-Morocco Gas Pipeline: Morocco to Hold 1,672 Km , Accessed 20 July 2022, [Nigeria-Morocco Gas Pipeline: Morocco to Hold 1,672 Km \(moroccoworldnews.com\)](https://www.moroccoworldnews.com/)

To conclude, we can say that the EU's embargo on Russia was a massive blow to the EU Members States economically since European leaders have not taken into account two elements: the huge dependence of European countries on the Russian's gas and the emergence of gigantic purchasers of Russia's energy products like China and India.

Yet, the desire of searching for other state partners who possess an astronomical potential of energy resources has attested the EU's resilience to overcome the Russian blackmail and with gas coming from countries such as Algeria, Nigeria, Qatar, Azerbaijan and Norway, the monopoly of Russia over it will be decreased.

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