

## Artículo de investigación

**Eurasian Economic Union in the context of sanctions policy**

Евразийский экономический союз в контексте санкционной политики

La Unión Económica Euroasiática en el contexto de la política de sanciones

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Erlan D. Shamishev<sup>151</sup>Saken Zh. Toktamysov<sup>152</sup>**Abstract**

The article is devoted to the analysis of sanctions policy in relation to the leading economies of the countries of the Eurasian Economic Union (EAEU). We note the main risks and threats to the national economies of the countries of this union in the context of challenges in the sphere of economic policy. The application of possible protective collective measures by the EAEU countries in response to sanctions is assessed. There is an important role of the EAEU in the development of national economies, in the convergence of economies and management systems of the members.

**Keywords:** EAEU, economy, Eurasian space, globalization, Kazakhstan, national interests, post-Soviet states, protectionism, protective measures, regional integration, Russia, sanctions.

**Аннотация**

Статья посвящена анализу санкционной политики в отношении ведущих экономик стран Евразийского Экономического Союза. Отмечаются основные риски и угрозы национальным экономикам стран ЕАЭС в контексте вызовов в сфере экономической политики. Оцениваются применение возможных защитных коллективных мер странами ЕАЭС в ответ на санкции. Установлена важная роль ЕАЭС в развитии национальных экономик, в конвергенции экономик и систем управления стран-участниц.

**Ключевые слова:** глобализация, ЕАЭС, евразийское пространство, защитные меры, Казахстан, национальные интересы, постсоветское пространство, протекционизм, региональная интеграция, Россия, санкции, экономика.

**Resumen**

El presente artículo está dedicado al análisis de la política de sanciones en relación con las economías de los países de la Unión Económica Euroasiática (UEE). El documento señala los principales riesgos y amenazas existentes para los sistemas económicos de dichos Estados en el contexto de los desafíos en el ámbito de la política económica. En el artículo se evalúa la aplicación de posibles medidas colectivas de protección por los países de la UEE en respuesta a las sanciones. Asimismo, el artículo establece el importante papel de la UEE en el desarrollo de las economías nacionales, en la convergencia de las economías y en los sistemas de gestión de los Estados miembros.

**Palabras clave:** Economía, espacio euroasiático, espacio postsoviético, globalización, integración regional, intereses nacionales, Kazajistán, medidas de protección, proteccionismo, Rusia, sanciones, Unión Económica Euroasiática.

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## Introduction

The integration of the post-Soviet states can be attributed to the processes of complex transformation of national economies and management systems, especially of the member states of the Commonwealth of Independent States (CIS), and ideally aims to intensify inter-state relations.

Integration in the post-Soviet states is the most effective way to ensure social and economic progress in a highly competitive global environment. However, in the post-Soviet period, there was a gradual drift of weakening the interdependence of all countries-participants of the CIS, the differentiation of global and regional economic and political orientations. If the economic interdependence of the union republics reached 97% at the end of the 1980s, then a quarter of a century later the interdependence between all CIS members was 15%. In addition, over the past decade, each of the CIS countries, except Belarus, Moldova, Kyrgyzstan, had more export and import relations with CIS non-state actors than within the CIS. Another example, in the late 2000s, trade between the European Union (EU) and CIS countries is 2/3 higher than trade within the CIS. The volume of trade with Russia in many countries of the Commonwealth is about 30%, and Russia with the CIS countries only 15% of its total trade (Shishkov, 2001). Integration should create new forms of governance that coexist with traditional forms of state institutions at the national level. This is a multidimensional process that, along with economic cooperation, includes issues of politics, security, social and cultural interaction. At the heart of most of the existing integration schemes in the modern world are the trade union and the interdependence of economic complexes, which in the long-term lead to a deep convergence of economies and management structures of sovereign states.

There is a significant number of researches on Eurasian integration issues. Among them there are the general works representing the study of theoretical, methodological and applied aspects (Bogaturov, Kosolapov, Khrustalev, 2002), which made a significant contribution to the theory of integration based on the study of foreign experience, showed the objective nature of the integration processes, a significant role of the state in the formation and regulation of integration processes in modern conditions. Foreign studies are presented in the works of F. Starr, M. B. Olcott, Zhao Huasheng, A. Cohen, J. Mankoff, H. Kramer, other authors who studied

the development of geopolitical processes in Eurasia, put forward ideas of negative and positive integration, classification and justification of forms of international integration. A separate group of Russian researchers focuses on conceptual approaches to the study of bilateral and multilateral relations in the post-Soviet states (Luzyanin, 2007).

A number of research institutions and analytical centers located in Russia are engaged in the study of the problems of integration processes in Central Asia. Among them there are centers and institutes in the universities (Peoples' Friendship University of Russia, Moscow State Institute of International Relations, Diplomatic Academy of the Ministry of Foreign Affairs of the Russian Federation, Russian State University for the Humanities, Institute of Asian and African Countries at Lomonosov Moscow State University) and also Russian Institute for Strategic Studies, Russian International Affairs Council, one of the departments of near abroad countries of Faculty of History of Lomonosov Moscow State University, department of post-Soviet countries of Russian State University for the Humanities, Center for geopolitical studies "Berlek-Edinstvo", Center for integration studies of Eurasian Development Bank, Institute of CIS countries, institutions in the Russian Academy of Sciences (Institute of World Economy and International Relations of the Russian Academy of Sciences, Institute of Oriental Studies, Institute of Scientific Information for Social Sciences of the Russian Academy of Sciences). Kazakhstan Institute for Strategic Studies under the President of Kazakhstan, Institute of Central Asian and Caucasian Studies (Sweden), Institute of Strategic Studies of the Caucasus (Azerbaijan), Johns Hopkins University (USA), Center for strategic and international studies (USA), private intelligence and analytical center "Stratfor" (USA) and Institute for security studies of the European Union (France) make a significant contribution to the study of this topic.

## Theoretical basis

Recently, sanctions measures have become an active tool in the modern world politics. Sanctions, embargoes and all kinds of restrictions are used by developed countries with economic and technological superiority to achieve their foreign policy goals. Sanctions are often used as a tool to compete for markets or to gain non-market advantages, and are used under various pretexts in the domestic economic interests of their initiators.

The leader among the countries-initiators of the sanctions were the United States (US): 109 of 174 instances of sanctions in the XX – beginning of XXI are from the US. Financial and economic superiority makes it possible to put pressure on weaker players, seeking concessions on foreign and domestic policy. As a part of the practice of politicization of trade and economic contacts, the US is pursuing a policy of “linkages”, which determine the dependence of the level of financial and economic cooperation with domestic and foreign policy actions of various states. This factor, which is the basis in the global foreign policy strategy of the US, stems from the messianic and pragmatic foundations of American foreign policy, is completely contrary to international law, violates the fundamental principles of the Charter of the United Nations on equality and sovereignty of all countries on the world stage.

Among the member states of the EAEU the sanctions are applied against Russia and Belarus. Thus, in relation to Belarus, the United States is conducting the so-called “policy of selective interaction”, in fact aimed at the foreign policy isolation of Belarus, the restriction of trade and economic relations of the country with the states of the Western community. Despite the certain dynamics of this policy, which has a “pendulum” character, the general trend at the beginning of the XXI century was a gradual increase in political, economic and diplomatic pressure against the Belarusian ruling elite. About 85% of the total economic potential of the EAEU falls on the Russian Federation and the West's anti-Russian sanctions can significantly affect the overall dynamics of the economic activity of the union, the foreign trade and investment activities of the member states in relations with each other.

Experts are closely monitoring the sanctions relations between Russia and the West, studying the possible consequences of sanctions on Russia's allies and partners, including within the

EAEU. The current state of the economies of the EAEU member states indicates the passage of the peak crisis point of the economic cycle, due to the improvement of the global macroeconomic situation, positive dynamics in the world energy markets (Starr, Frederick, 2005).

Currently, the EAEU countries demonstrate positive growth dynamics. If since 2012 there has been a decrease in a number of key socio-economic indicators of the US, then in 2018, according to the experts, positive trends in economic development have been formed, which increases the stability of the EAEU countries to external influences. The main factor of improvement was the steady increase in world oil prices, which had a positive impact on the replenishment of the budgets of the two largest energy economies of the EAEU: Russia and Kazakhstan.

The indicators of foreign and mutual trade of the US are improving. Thus, the total volume of foreign trade of the EAEU countries with other states in January – November 2018 amounted to 684 billion dollars, exceeding the indicators of the same period in 2017 by 20.5% or 116.4 billion dollars. At the same time, the total exports of the EAEU countries grew significantly faster (by 29% to 445 billion dollars) than imports (by 7.7% to 239.2 billion dollars). The positive balance of foreign trade in goods increased from 123.4 billion dollars in January – November 2017 to 205.6 billion dollars in January – November 2018 (statistical data of the Eurasian Economic Commission, 2019).

The volume of mutual trade of the EAEU in January – November 2018 amounted to 54.6 billion dollars, an increase of 10.3% compared to the corresponding period of 2017. These growth indicators indicate a slight impact of Western sanctions on the economies of the EAEU countries.

Table 1. Export and import of goods in mutual trade of the EAEU (millions of US dollars, according to the Eurasian Economic Commission)

| Countries  | Turnover | Export   | Import   | Balance  | January – November 2017, % |        |        |
|------------|----------|----------|----------|----------|----------------------------|--------|--------|
|            |          |          |          |          | Turnover                   | Export | Import |
| Armenia    | 1 938,0  | 626,6    | 1 311,4  | -684,8   | 115,1                      | 120,5  | 112,7  |
| Belarus    | 33 525,2 | 12 696,3 | 20 828,9 | -8 132,6 | 111,5                      | 101,7  | 118,4  |
| Kazakhstan | 17 084,6 | 5 257,9  | 11 826,7 | -6 568,8 | 106,2                      | 110,0  | 104,6  |
| Kyrgyzstan | 2 089,9  | 500,1    | 1 589,8  | -1 089,7 | 95,2                       | 99,5   | 93,9   |
| Russia     | 52 920,6 | 35 541,0 | 17 379,6 | 18 161,4 | 110,4                      | 113,8  | 104,0  |

In this table we can see that the only one and the largest one beneficiary of trade within the EAEU is the Russian Federation, which has a foreign trade surplus of 18.1 billion dollars from trade between the states of the union, while the rest of the member states are experiencing a deficit with the trade with Russia (Olcott, 1996).

### Sanctions against Russia

The formation of the EAEU took place in a difficult period of geopolitical turbulence, in the conditions of unwinding against the Russian Federation of personal and sectoral sanctions of the US, Europe, etc. According to agency named Bloomberg, the sanctions led to a loss of 6% of national GDP between 2014 and 2018.

Western countries were limited to regular automatic extension of previously imposed sanctions packages. The Russian government "responded" with an immediate measure against the countries, stating the full adaptation of the national economy to Western sanctions and the insignificant effect of external restrictions on its development.

At the initial stage ("pre-Trump" period 2014 – 2016) the following measures were applied:

- Restriction of entry of politicians and officials;
- Confiscation of property of diplomatic missions and expulsion of diplomats;
- Freezing of various political and diplomatic mechanisms and cessation of dialogue (e.g. through the NATO-Russia Council, Council of Europe);
- Formation of the image of the enemy in the national media;
- Discrediting political institutions, political parties and specific politicians;
- Interference in electoral processes, support of certain political forces, parties, candidates;
- Escalation of tensions in the field of human rights; organization of the «color revolutions».

The second stage (2017 – 2018) was the use of "smart sanctions" by the West against Russia, which were formalized through the signing by the President of the US, D. Trump, on August, 2 2017. The law "On combating the enemies of America by sanctions" ("Countering America's Adversaries Through Sanctions Act", CAATSA), including:

- Economic restrictions against specific corporations, enterprises, banks, financiers and businessmen (especially close to the Kremlin and personally to the president, V. Putin);
- Freezing or seizure of their accounts;
- Limiting access to long - term Western loans for the Russian government, national companies and the private sector;
- Limited supply of high-tech equipment (turbines, engines, engineering and drilling equipment for the oil and gas industry) and dual-use products in Russia;
- Squeezing the competitors with energy and raw materials markets;
- Threats to disconnect Russia from the system of interbank settlements SWIFT;
- Sanctions against specific regions of the Russian Federation (for example, against the Crimea).

On January 29, 2018, as part of the execution of CAATSA, the US Department of the Treasury published the first "Kremlin report". It a list of persons close to the president, V. Putin. The open part of the report included 114 major officials and heads of state-owned companies, as well as 96 businessmen, whose property exceeds 1 billion dollars.

On April 6, 2018, the US Department of the Treasury announced a new package of anti-Russian sanctions. 24 people, 12 companies, as well as the state-owned intermediary company for export/import of products, technologies and services of military and dual-use "Rosoboronexport", as well as its Bank "Russian Financial Corporation" were included in the sanctions list (SDN List).

On August 24, 2018, new sanctions against Russia (arraignment "Skripali") were published in the US federal register, which came into force on August, 27 of the same year.

All of the above measures involve damage to subjects close to the federal authorities of the Russian Federation, and not to the civilian population. Sanctions have a wide range of effects and objectives. This includes military deterrence, counteraction to the strategic nuclear missile program, accusations of terrorism ("Skripali"), attempts to influence the domestic political agenda, pressure to change the foreign policy course, attempts to solve specific crisis situations like Syria.

It is no coincidence that the most painful recent restrictive measures "hit" the Russian economy in sectors where Russia is a competitor to the US in the global market: military-industrial complex, development of new oil and gas fields and construction of trunk pipelines, metallurgy (Zhao, 2005).

At the same time, the US does not talk about the application of sanctions against the EAEU as an international organization, although there are formal reasons for this (participation of legal entities from the EAEU states in trade operations with Russian companies under sanctions, purchase of weapons and military equipment in the Russian Federation).

### **The experience of Belarus**

American sanctions against Belarus began in 2004 for a number of Belarusian enterprises, as well as in 2006 against state officials and president, A. Lukashenko. In 2007, restrictive measures began against the large concern "Belneftekhim". Further, in the list of the US Department of the Treasury eight enterprises of the Republic of Belarus related to the group were included.

In 2008, Minsk and Washington are mutually recalled its ambassador due to the imposition of sanctions. The parties have reduced to a minimum the staff of embassies, which currently continue to work under the leadership of the temporary attorneys (Cohen, 2000).

In October 2015, the US Department of the Treasury has suspended sanctions against the "Belneftekhim" concern and eight of its affiliated enterprises in the petrochemical industry. It was about the prohibition on visiting the US, the presence of accounts in American banks, the termination of business by American companies. In June 2017, sanctions against some Belarusian officials were extended by president, D. Trump.

Belarus also suffered from the EU sanctions after the presidential elections of 2010. Most of them the EU has suspended in October 2015. At the meeting of the EU Council in February 2016, the EU foreign ministers considered the issue of exclusion from the black list 170 representatives of power structures of Belarus, including Lukashenko, and a number of companies. However, some of the sanctions were retained. It was a kind of compromise.

Nevertheless, pressure on Minsk from the EU remains: the EU Council condemns the use of the

death penalty in Belarus and calls on Minsk to impose a moratorium on its use. Brussels reiterates its call for the restoration of the rights of former political prisoners, freedom of assembly and association, including the registration of political and civil associations. In addition, Minsk is urged to involve civil society in the discussion of the policy of the authorities.

### **Impact of sanctions on Kazakhstan**

Unlike its partners in the EAEU, Kazakhstan is not under Western sanctions. However, the continuation of the confrontation between Russia and the West may have serious negative political and economic consequences for Kazakhstan. This impact will be indirect: through failures in the banking and financial systems, lending, problems of sales of Russian (including Kazakh) oil and gas to the EU, a prohibition on the purchase of Russian weapons systems.

For example, from the American sanctions imposed on the head of the Russian company "RUSAL", O. Deripaska, the city-forming enterprise in the city of Pavlodar suffered. Pavlodar aluminum plant produces 1.5 million tons of alumina, of which million tons are sent to the Russian concern. Because of the sanctions «RUSAL» refused to buy such a volume in Kazakhstan.

Another example is when US sanctions have had a negative impact on cooperation between Kazakh and Russian companies. So, due to the fact that the Russian company "Uralvagonzavod" was under sanctions in October 2017, Kazakhstan's largest producer of sulfuric acid of LLP "Kazzinc" has finished all commercial relations with him, in particular, the use of specialized rail tank of its production. As a result, "Kazzinc" has a deficit of 100 tanks, which they could not cover. The way out of the situation is the use of tanks of Chinese production. Thus, the existing industrial relations between Kazakhstan and Russian industrial enterprises are disrupted.

These examples have a negative impact on economic integration, lead to a decrease in the intensity of cooperation relations within the EAEU, which is reflected in specific indicators of trade, employment, tax revenues.

In the case of a direct confrontation with Kazakhstan due to its allied obligations to Russia on a bilateral and multilateral basis (Collective Security Treaty Organization (CSTO), EAEU), the West is able to deeply undermine the stable development of the country. Thus, the strategic



goal of the West remains the same: the withdrawal of Kazakhstan, Belarus, Armenia and other Eurasian countries from the sphere of Russian influence.

Sanctions against Russia indirectly affect the dynamics of Kazakhstan's GDP through trade, financial and investment channels. Thus, experts of the Center for Analytical Research and Forecasting of the Institute of Economic Research of the Ministry of National Economy of the Republic of Kazakhstan to assess the impact of sanctions on the growth of Kazakhstan's economy have built an econometric equation between the growth rate of GDP of the Republic of Kazakhstan and GDP of the Russian Federation, oil prices (seasonally-smoothed) and oil production volumes based on quarterly data for 2005-2016. In general, the totality of these factors affects about 70% of the annual GDP growth of the Republic of Kazakhstan.

According to these calculations, if the real GDP growth of the Russian Federation changes by 1%, the real GDP growth of Kazakhstan will change by 0.5%. Changes in the growth rate of oil prices and oil production lead to a change in GDP growth by 0.1 and 0.13%, respectively.

Thus, if we consider that for the period 2014 – 2015 cumulative losses in the growth rate of Russian GDP from sanctions amounted to 1.5–2.0 percentage points, it can be assumed that the shortfall in GDP growth in Kazakhstan could be 0.75 – 1.0 percentage points (Alpysbaeva, Kenzhebulat, Akmoldina, Beisengazin, Tautenov, 2018).

The sharp fall in the ruble exchange rate in 2014 caused the inflow of Russian imports to Kazakhstan and increased competition in certain sectors of the non-resource sector, with a strong reduction in raw materials (a 2.5-fold reduction in imports of mineral products from Russia). At the same time, there was a significant reduction in Kazakhstan's exports to Russia by machines, equipment and vehicles (2 times), with the growth of imports of this category of goods in Kazakhstan. If you consider that Russia consumes nearly ¼ of all non-primary exports of Kazakhstan, the continuation of this trend led to a decrease in the competitiveness of producers in non-primary sector of Kazakhstan (in the table there are the figures of trade show an annual deficit of Kazakhstan in trade with Russia at the level of 6 billion dollars (about 90% of all mutual trade between Kazakhstan and the EAEU countries falls on the Russian Federation)) (Mankoff, 2013).

In this regard, experts make the following conclusions:

- Depreciation of the Russian ruble in 2014 caused a "mirror" shift in the structure of mutual trade between Russia and Kazakhstan and strengthened the "raw status" of Kazakhstan in the EAEU;
- Kazakhstan increased the volume of raw materials exports and reduced the volume of investment exports (exports of machinery, equipment and vehicles in Russia decreased by 2 times);
- Russia, on the contrary, increased its investment exports and reduced its raw materials exports to the Republic of Kazakhstan (a 2.5-fold reduction in imports of mineral products from the Russian Federation);
- Weakening of the Russian ruble led to a reduction in Kazakhstan's production of non-primary goods and capital outflow to Russia;
- On the other hand, Kazakhstan's consumers of investment and consumer goods have benefited from the weakening of the Russian ruble in conditions of low localization;
- Level of gold and foreign exchange reserves of the National Bank of Kazakhstan, in the conditions of low oil prices and cheap ruble pressure, was supported mainly by operational instruments of providing currency swaps to market participants and transfers from the National Fund of the Republic of Kazakhstan.

In the context of the functioning of the EAEU, it became obvious that the further depreciation of the ruble, with the unchanged policy of the National Bank of Kazakhstan, reduced the competitiveness of Kazakh producers. To improve the competitiveness and protect the interests of Kazakhstan's producers in the context of the functioning of the EAEU, it was necessary to provide a more flexible exchange rate of Kazakhstani tenge with a gradual transition to the policy of inflation targeting.

#### **Collective protective measures of the EAEU**

In addition to overcoming the negative factors of purely economic influence, the EAEU is looking for ways to counter Western sanctions by adopting collective legislative measures to protect its markets. In this regard, the Eurasian Economic Commission in 2018 developed a

Report "On the application of collective measures to protect economic interests in response to the action of a third party in international practice and possible recommendations to the member states of the EAEU, taking into account their current legislation and the legal framework of the EAEU". The report was proposed to the EEC for consideration by all member states in pursuance of the order of the Eurasian Intergovernmental Council (EIC) № 14 on July 27, 2018.

The Report notes that on the basis of article 40 of the contract on the Eurasian Economic Union of May 29, 2014, in accordance with the international contract of the EAEU with a third party and (or) member states of the EAEU with third parties provides for the possibility of retaliation. Decisions on the introduction of retaliatory measures in the customs territory of the EAEU are taken by the EEC, including by raising the level of import customs duties, introducing quantitative restrictions, temporarily suspending the granting of preferences or taking other measures within the competence of the Commission that affect the results of foreign trade with the relevant state.

Also, according to the paragraph 2 of the article 40 of the contract about the EAEU, in cases provided for by international contracts of the member states with third parties concluded before January 1, 2015, the member states have the right to unilaterally apply as retaliatory measures increased compared to the Common customs tariff of the EAEU (CCT EAEU) rates of import customs duties, as well as unilaterally suspend the provision of tariff preferences, provided that the mechanisms for the administration of such retaliatory measures do not violate the provisions of the contract about the EAEU.

The Report analyzes the national legislation of the member states of the union with regard to the application of protective measures (counter-sanctions). It has been established that all member states, with the exception of the Republic of Armenia, have legislation allowing them to take various state-level responses in cases where third parties take measures that violate the legitimate interests of the member states concerned or their citizens and legal entities, including in cases of violation by third parties of their obligations under international contracts.

In addition, it is proposed to develop additions to the "institutional part" of the contract about the

EAEU on the coordination of the policy of the member states of the union in terms of economic security of the EAEU, the single market of the union. Such provisions, according to ECE, could cover the need for joint and concerted action in the field of economy and foreign policy in order to achieve the relevant objectives.

The establishment of the Council of Ministers of Foreign Affairs (CMI) of the member states in the structure of the EAEU bodies with the involvement of Ministers of foreign trade regulation, as well as the Chairman of the EEC Board, is also initiated. It is expected that the Council of foreign Ministers of EAEU will coordinate foreign policy actions and develop appropriate proposals for consideration by the Supreme Eurasian Economic Council.

Such measures by the EEC experts are justified by the need for "clearer and deeper coordination of positions on collective measures and minimizing the negative effect for the EAEU in the context of trade wars, sanctions and counter-sanctions actions". Without coordination in the political plane, in their opinion, the solution of trade and economic problems considering the current world situation is very difficult (The ECE report, 2018).

Thus, the Eurasian Commission implicitly recognizes the inevitability of politicization of the EAEU, which, in turn, is fraught with aggravation of new risks and challenges for the member states of the union. Aware of such risks, the EAEU member states express fears that in the context of growing geopolitical tensions and trade protectionism in the world, the initiatives proposed by the EEC may lead to the formation of a bloc approach, involving member states in a sanction's confrontation with Western countries and ultimately to the deterioration of bilateral relations between member states and external partners. For example, the total volume of investments of the US, Canada, EU, Australia and Norway (i.e. countries participating in anti-Russian sanctions) in the economies of the EAEU members (Belarus, Kazakhstan, Armenia, Kyrgyzstan) increased by more than a third in 2012-2017 (Chichkin, 2018).

### **Effectiveness and impact of sanctions**

According to Russian experts, US actions are a sign of unfair competition. US uses its dominance in the international financial system, the system of international settlements and the specifics of its legal system, where "extraterritoriality" is at the forefront, to put

pressure on business in any part of the world – against China, EU, Russia, Iran in order to gain advantages in an unfair way.

In the long term, the main problem with the new sanctions package is that it dramatically increases uncertainty without formalizing specific measures, and ensures that the risk of expanding sanctions will persist for a long time. A direct consequence will be the degradation of financial opportunities for Russian companies, the rise in infrastructure costs and the increase in interest rates needed to maintain capital inflows, which are painful for industry and the public. It is obvious that the US has unleashed a long economic war against Russia and this will lead to further tightening of sanctions under various pretexts.

Such negative consequences can affect the dynamics of economic cooperation of the EAEU countries, because Russia, which has the greatest financial and technological potential in the union, will have to divert additional resources to overcome external pressure.

Finally, the effectiveness of sanctions is also questionable. It should be noted that sanctions are often formulated in a vague way to discourage economic activity in a particular country. For example, the US prohibition on "significant transactions" with the Russian military and intelligence sector, in which there is no definition of "significance". The threat of "secondary sanctions" contributes to uncertainty in the US. In fact, if the Russian partner of a company is under sanctions, it is necessary to interrupt all contacts with him, otherwise the US government uses restrictive instruments against this company (sanctions against the Chinese arms buyer are the first case of secondary sanctions related to the Russian Federation).

Estimates of the impact of sanctions on the Russian economy differ significantly. For example, the former deputy assistant secretary of state, P. Harrell, noted that politicians cannot systematically assess the "benefits and costs of sanctions". In his opinion, the sanctions were aimed, among other things, at reducing the production of Russian oil, but in 2017 it reached a "30-year maximum". P. Harrell warned that sanctions could have the opposite effect: "allies and major global companies will begin to develop an alternative to the existing financial and trade channels that today provide global weight to US sanctions".

## Conclusions

It should be emphasized that the Western sanctions policy towards Russia has a number of features.

First, the sanctions are truly complex and systemic, covering a wide range of relations between Russia and the "collective West" (sanctions during the cold war had not got such characteristics). These are economic sanctions, including trade, financial and personal sanctions against individuals (representatives of big business, politicians and government officials), sectoral sanctions, as well as sanctions against specific companies in the real sector of the economy, some large Russian banks and other financial institutions.

Secondly, these sanctions are introduced in stages, "cumulative", and their abolition is due to political requirements that are not acceptable for the Russian Federation. This means that the sanctions policy will continue in the short and medium term. There is a need for appropriate consideration of its impact, and the corresponding correction of the strategic objectives of the Russian foreign economic, structural, regulatory, financial, monetary policy.

Thirdly, the sanctions were introduced in the era of globalization, when the economy, financial and monetary spheres of the Russian Federation are deeply integrated into the system of world economic relations, including the world financial market and the international monetary system (Kramer, 1996). Based on this, it is important for the Russian financial and economic system to assess the impact of existing sanctions and predict the introduction of future sanctions to take into account their impact on various sectors of the economy and the financial sector.

High regional unpredictability and instability proved to be serious limitations of Moscow's integration efforts in the CIS. One of the most important problems for the official Kremlin is the development of interaction with other external actors and the institutional structures they create. This requires increased investment in integration projects in order to preserve and develop key elements of influence in Central Asia. At the same time, the nature of the effectiveness of international investment and financial activities is changing. In the future the global and regional investors who place a priority not on the speculative-financial activities in integrated markets and to improve the real effectiveness of international cooperated production and level of



intergovernmental and corporate governance will win. Various scientific studies about that the development of economic integration of the EAEU member states is an important additional factor of economic growth and it creates significant additional opportunities to overcome the current fuel and raw materials orientation of the economy.

As a result, from the point of view of national interests, the state priorities of strengthening integration in the post-Soviet states in various fields, strengthening mutual understanding with near and far neighbors, partnership with key states of the West and the East, the search for like-minded people in the South, preventing the destabilization of the system of international relations, preventing Russia from being drawn into military-political conflicts are vital.

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