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POLICY BRIEF

23-3 Economic sanctions against Russia: How effective? How durable?

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Economic sanctions by Western democracies against Russia for its brazen invasion of Ukraine have not stopped the war and the indiscriminate attacks on Ukrainian civilians. But the sanctions complicate Russia's conduct of the war and ability to leverage its large advantage in manpower and war materiel over a smaller but more determined and resourceful adversary.

Sanctions have contributed to a sharp compression of Russian imports; forced Russia's military and industry to source from more costly and inefficient suppliers at home and abroad; and slowly begun to put a squeeze on Russian government finances. Russia's efforts to circumvent the sanctions have had only small-scale success in transshipping goods via Middle Eastern and Asian countries and have made it highly dependent on the Chinese market. Over time, sanctions-imposed costs will increasingly burden the Russian economy and impair its capacity to pursue conventional warfare.

Together with continued economic and military support for Ukraine, sanctions are blocking Russian president Vladimir Putin from achieving his territorial objectives. His best and perhaps only chance to succeed is for the United States and its allies to tire of the fray and stop supporting Ukraine. The G7 countries must sustain and augment their efforts, including by confiscating frozen reserves of the Central Bank of Russia (CBR) to help fund Ukraine's reconstruction.

Finally, G7 policymakers need to derive lessons from the current crisis about the utility of sanctions in conflicts between major powers. Above all, maintaining coherent and coordinated sanctions by the G7 countries against large and powerful countries is critical for the effectiveness and durability of the policy. Deploying sanctions against such rivals also requires a long-term commitment to the implementation and enforcement of the trade and finance restrictions. Sanctions impose costs on both the target country and those imposing the sanctions, so officials need to consider providing support or tax relief to sustain domestic political support for the sanctions policy.

ARE SANCTIONS ON RUSSIA WORKING?

Whether sanctions "work" depends on one's standard of success and the policy goals being assessed. Sanctions generally have multiple objectives involving both foreign and domestic policies. They aim to coerce the target regime to change its policies, deter it from acting or forestall additional aggressive acts, punish the target for its crimes, and demonstrate to domestic constituencies the imposing country's resolve to confront and oppose military and other actions against sovereign countries.[1] After one year of war, one cannot conclude that sanctions against Russia have achieved all their objectives, but they are having an impact on Russia and continue to be revised and augmented to "work" better.[2]

Calibrating the scope and force of sanctions has posed unique challenges for the coalition of democratic countries aligned against Russia. Unlike the rapid annexation of Crimea in 2014, when sanctions belatedly addressed a *fait accompli* and therefore aimed primarily to deter additional Russian intervention, the current alliance of countries imposing sanctions against Russia developed and coordinated their plans to counter ongoing military aggression in Ukraine. Ensuring coherent and closely aligned policies across the G7 countries has been crucial to both maximize the coercive impact of the sanctions and sustain domestic political support for them in the face of rising costs resulting from Russian energy and other countersanctions.

Western sanctions have been more comprehensive than any restrictive measures imposed on Russia since the break-up of the Soviet Union more than three decades ago. Sanctions have damaged the Russian economy, impairing Russia's access to Western technologies and inputs needed to sustain its conventional military operations in Ukraine. Deputy US Treasury Secretary Wally Adeyemo reported at the end of 2022 that "measures by Washington and its partners have degraded Russia's ability to replace more than 6,000 pieces of military equipment, forced key defense-industrial facilities to halt production, and caused shortages of critical components for tanks, aircraft, and submarines." He added that Russia has been forced to use "outdated, Soviet-era equipment or lower-quality alternatives procured from North Korea and Iran."[3]

The countries designing economic warfare have had to take account of their own vulnerabilities to countermeasures in targeting Russia: Unlike past sanctions episodes, this is the first time that wartime sanctions have been applied against a nuclear power as well as a major supplier of critical supplies of energy, food, and raw materials to world markets. Moreover, it is the first time that European countries and emerging markets, rather than the United States, have incurred most of the burden of the costs borne by the countries imposing the sanctions as well as those arising from Russian countersanctions via export reductions and embargoes.

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1 For a historical analysis on the use of sanctions based on more than 200 case studies, see Hufbauer et al. (2007).

2 For analysis of the impact of the first six months of the sanctions, see Demertzis et al. (2022).

3 For an official assessment of US objectives in deploying sanctions against Russia and their initial impact, see Adeyemo (2022).

As the war rages on in 2023, it is now harder for Russian exporters to find customers not constrained by Western sanctions, more complicated and costly to import important military/industrial components, and more difficult to retain and attract foreign investment to support Russian economic growth. Sanctions still permit sizable and profitable Russian energy exports, and minerals extraction and export taxes on the petroleum sector alone generated 46 percent of Russian federal government revenues in 2022. But financial sanctions, including the freezing of about $300 billion in CBR reserves and blocked access to both Western financial institutions and the SWIFT messaging platform, have forced companies supplying the Russian war machine to source goods from nontraditional producers outside the G7 area and/or engage in intricate subterfuge to evade sanctions enforcement. These changes make it more costly and unwieldy to do business, so the Russian military is getting less bang for its bucks.

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Contrary to initial official rhetoric, Western sanctions were not designed to pummel the Russian economy and prevent military aggression, though some unschooled Kremlinologists may have thought or hoped that the threat of hard-hitting sanctions might deter Putin from invading Ukraine. From the start, Western policymakers pulled their punches by allowing major exceptions to the sanction regime for Russian exports of oil, gas, coal, fertilizers, uranium, and wheat. They hoped to shield their citizens from self-inflicted shortages, particularly European households and factories dependent on Russian energy, and to a lesser extent cushion the collateral damage of sanctions-induced trade disruptions and price shocks to developing countries. Europe's heavy dependence on Russian oil and gas made it an obvious target of Russian countersanctions via reductions or cutoffs of critical supplies of energy, raw materials, and food in retaliation for Western sanctions and support for Ukraine.

Overall, the Russian economy is not growing but has not been defunded. Dire projections that sanctions would torpedo the Russian economy proved wildly unrealistic.[4] Estimates of a double-digit decline in Russian GDP turned into a modest recession of about −2 percent of GDP. Spikes in commodity prices, coupled with sanctions-related compression of Russian imports, reportedly increased Russia's current account surplus to $227 billion in 2022, not quite double the amount generated the previous year.

The value of Russian energy exports—mineral fuels (SITC 3: petroleum, gas, coal, natural gas liquids)—in 2022 increased by 37 percent over 2021 levels, according to data reported for Russian trade with 34 countries by the Bruegel's Russian foreign trade tracker. Energy export earnings rose sharply in the first half of 2022 before falling off slightly in the second half due to G7 sanctions and targeted Russian supply cutoffs to European customers. China and India increased purchases to offset some of the reduction in European sales, accounting for 46.5 percent of Russia's energy exports by value in the second

4 In March 2022 the Institute of International Finance projected the Russian economy to contract by 15 percent in 2022 and by 3 percent in 2023, wiping out 15 years of economic progress. In April 2022 the Russian economy ministry predicted a contraction of 8.8 percent in its base case scenario and 12.4 percent in its more conservative scenario; former Russian finance minister Alexei Kudrin predicted a decline of more than 10 percent in 2022; and the World Bank predicted a contraction of 11.2 percent. More recently, the IMF estimated that the Russian economy shrank by 2.2 percent in 2022 and forecasts an expansion of 0.3 percent in 2023.

half (2H) of 2022, up from about one-quarter in 2021:2H (table 1). During the same period, the EU27 share of Russian energy revenues fell from 54 percent in 2021:2H to 43 percent in 2022:2H.

Table 1
Russian exports of mineral fuels, 2021–22 (billions of US dollars)

Importer	2021		2022	
	1st half	*2nd half*	*1st half*	*2nd half*
EU27	49.9	71.7	92.7	63.7
India	1.6	2.6	9.6	23.7
China	21.6	31.0	37.8	45.4
Total, 34 countries	96.3	133.3	165.0	148.6

Note: Data report imports by 34 countries that represent about three-quarters of total Russian trade. Mineral fuels = SITC 3 (petroleum, gas, coal, natural gas liquids).
Source: Bruegel, Russian Foreign Trade Tracker, March 29, 2023.

Data on Russian imports in 2021–22, as reported by the World Trade Organization, show a similar shift from European to Chinese suppliers in the context of a broader compression of Russian imports once the war started and G7 sanctions obstructed dollar and euro transactions. The value of total imports in 2022 from all countries was $215 billion, down from $304 billion the previous year (table 2): China replaced the European Union as Russia's top supplier of goods, accounting for 35.5 percent of Russian imports (up from 22 percent in 2021), while the EU27 share fell from 35 to 27 percent. These data reflect all imports whether subject to G7 sanctions or not.

ARE SANCTIONS BEING CIRCUMVENTED?

To be sure, no sanctions regime is airtight. As noted, major exceptions that allow Russian energy exports to supply world markets provide a financial lifeline to the Russian government. And although financial sanctions have made it harder for Russia to buy goods from G7 countries, some banks still can transact business with Russian entities. Moreover, the greater the potential profit to ship goods to Russia, the more likely that traders will risk penalties for violating sanctions and disguise and divert trade to Russia through third countries. Even the most comprehensive sanctions isolating Iraq two decades ago did not prevent Saddam Hussein from smuggling billions of dollars of goods into his country. The sanctions against Russia are not nearly as suffocating as those applied against Iraq, so it is not surprising that Russia is procuring goods indirectly through countries in Asia and the Middle East.

Table 2
Russian imports, 2021–22 (billions of US dollars)

Exporter		2021		2022	
		1st half	*2nd half*	*1st half*	*2nd half*
Total	**World[a]**	**140.6**	**163.4**	**103.3**	**111.6**
	EU27	51.6	53.8	32.8	25.8
	China	29.0	38.6	29.6	46.7
	India	1.5	1.8	1.2	1.8
	Turkey	2.6	3.1	2.9	6.4
	United States/United Kingdom/Japan/South Korea	13.6	14.7	7.6	6.5
Subtotal	34 countries	98.2	112.2	74.0	87.2
	Rest of world	42.4	51.2	29.3	24.4

a. Data from *World Trade Statistical Review* (2021 and 2022) and WTO Stats database.
Source: Bruegel, Russian Foreign Trade Tracker, March 29, 2023.

The extent of circumvention of Western sanctions is hard to document. The more sanctions interrupt established patterns of trade and investment, the more efforts are made by the target regime and its collaborators to reduce and misrepresent documentation on trade of sanctioned goods. Such subterfuge increases the cost of doing business but is not an uncommon practice in the Middle East and Central Asia, where businesses have honed the art of sanctions busting for a half-century or more! It is not surprising that press reports highlight large percentage increases (from a very low base) in goods shipped to Russia from countries such as Iran, Kyrgyzstan, Turkey, and the United Arab Emirates that normally have little trade with Russia. A February 2023 working paper from the European Bank for Reconstruction and Development (Chupilkin, Javorcik, and Plekhanov 2023) documents trade diversion from Europe to Russia through member countries of the Eurasian Economic Union (Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia) over the first six months of the war and finds that circumvention involves a limited amount of trade and offsets only a small share of the value of goods no longer exported from Europe to Russia.

As expected, Russia has sought assistance to offset the economic impact of the sanctions, diversify its energy exports, and procure military materiel from countries not part of the Western sanction coalition. China heads the list of these "Black Knights": Russia has become highly dependent on China as a customer for its oil and gas exports and as a source of industrial supplies and consumer goods. India has also become a significant customer of Russian oil, increasing its share from 2 to 16 percent of Russian energy exports in the second half of 2022 (table 1).

China also increased its exports to Russia from $67.7 billion in 2021 to about $76 billion in 2022 and is now by far the most important source of imports in the Russian market. But it has not bailed out Russia; imports from China increased by less than $10 billion in 2022 over 2021 levels. Bilateral trade essentially exchanges Russian energy for Chinese manufactures and consumer goods; Chinese companies largely have avoided exports or investments in Russian projects that might contravene G7 sanctions. Little progress seems to have been made on the joint development of the Russia-China gas pipelines at the March 2023 summit between Putin and Chinese president Xi Jinping.

Russia's other key allies, including Belarus, Iran, North Korea, and Turkey, provide only marginal economic support. Press reports of transshipments of sanctioned goods through Turkey or increased purchases from Iran may be true, but Turkey increased its exports to Russia by only about $3.5 billion in 2022:2H and Iran's exports to Russia have barely reached $600 million since the war started (Iran data for April 2022–January 2023[5]).

In 2022 Russia gamed the market, reducing supplies to Europe to stoke uncertainty and spike energy prices, which helped generate windfall profits for state-controlled energy companies and their national tax masters. These benefits have been substantially pared back by European conservation efforts and fuel switching (replacing Russian supplies with wind, solar, and increased consumption of coal and liquefied natural gas, LNG), followed by the European embargo of Russian oil effective December 5, 2022, and related crude oil and products price caps on Russian exports introduced by G7 countries on December 5, 2022, and February 5, 2023, respectively.

Have the G7 price caps worked? Western officials argued that the oil and product price caps would put a lid on Russian energy export earnings, reducing government revenues generated by taxes on those exports, while maintaining the flow of Russian oil into world markets. Through the first quarter of 2023, Russia has been hurt more by the EU embargo, which has undercut oil export earnings by reducing demand and forcing exporters to incur substantially higher costs to ship oil to Asian markets, than by the oil price caps, which have not been binding. Urals crude has been selling at a large discount to Brent crude and below the $60/barrel cap set by the G7 (which applies to the FOB export price in Russia, not the CIF landed price in India or elsewhere).[6] Tax revenues from Russian energy exports fell sharply in January 2023 while war-related expenditures soared, leading to a monthly government budget deficit of about $25 billion.[7]

Russian oil companies reportedly paid Russian taxes on their oil exports based on the FOB Urals benchmark, and then collected fees for shipping, insurance, and other services—already included in sales contracts and often priced at levels above the G7 price cap—when the cargo was delivered in foreign ports. In so doing, the companies, many substantially owned by the Russian

5 See Islamic Republic of Iran's Customs Administration (IRICA website).

6 According to the Treasury Department guidance issued on November 22, 2022: "Shipping, freight, customs, and insurance costs are not included in the price cap and must be invoiced separately and at commercially reasonable rates. While shipping and insurance are covered services, these costs are distinct from the price cap on Russian oil."

7 Babina et al. (2023) assess the impact of sanctions on exports and tax revenues based on detailed Russian customs documentation.

government, minimized their payment of export taxes, evaded the G7 oil price scheme by structuring oil contracts to underprice the oil and overcharge for its distribution to non-G7 customers, and amassed large foreign currency accounts outside Russia. As one industry news service reported, “In what is tantamount to a new transfer pricing scheme, the difference between the price the companies report and the cash they actually make accumulates in their non-transparent offshore trading companies, creating a huge slush fund that in theory the Kremlin has access to.”

In sum, the G7 price caps have not blocked Russia from exporting oil and products. Russian oil export tax revenues have fallen, though the Russian Ministry of Finance reportedly has now adopted a new benchmark price for calculating taxes on oil exports (from Brent −US$34 to Brent −US$25 over the next few months) that should increase tax revenues. And Russian officials have not retaliated by withholding large supplies of oil from world markets: They announced a production cut of only about 500,000 barrels/day in February 2023—about 5 percent of Russia’s production—in an attempt to firm prices for Urals crude.

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Of course, as it did in 2022, Russia could withhold a larger volume of oil from world markets to create shortages and boost prices. However, such a move would alienate China and India, now Russia’s top customers: They could shift to other suppliers in the Middle East and leave Russia holding the barrel.

CAN G7 SUPPORT FOR SANCTIONS BE SUSTAINED?

Sanctions against Russia have been designed for a war of attrition. Over time, the sanctions will force the Russian military-industrial complex to rely more heavily on substandard and/or more costly suppliers for needed inputs and technologies. Of course, this assessment assumes that the G7 countries will continue to be willing to absorb the costs of both supporting Ukraine’s economy and military and adjusting to volatile energy and commodity prices caused by Russian countersanctions.

So far the G7 has been up to the task. European political leaders helped shield consumers from the worst ravages of the 2022 energy price spikes, reoriented flows through alternative pipelines, and constructed LNG import terminals to accelerate movement away from Russian suppliers. For US and Canadian officials, blocking imports from Russia had a minimal impact since their trade with and investment in Russia were a small fraction of European engagement. Japan and South Korea have effectively managed the energy price shock and the diversion of some LNG shipments from Asia to Europe. A scattering of political voices across the political spectrum in the United States (e.g., Donald Trump and Ron DeSantis) and Europe (e.g., Viktor Orban) have proposed “peace for our time” by accommodating Putin’s demands, but most leaders know from Neville Chamberlain’s experience in 1938 that appeasement feeds rather than foils military ambitions.

How long can political support for applying sanctions be sustained? “For as long as it takes” is the watchword of the Biden administration and its G7 allies. But Putin seems to be counting on sanctions fatigue—and the political revival of Donald Trump or someone else in the Republican Party hawking pro-Russia views—to weaken Western support for Ukraine. After his gambit in Crimea prompted only a half-hearted enforcement of the Minsk peace accords, and sanctions did not deter Western trade and investment in Russia, one can see how that experience may have emboldened him to invade the rest of Ukraine.

But this time may be different. The full-bore invasion and the atrocities and crimes against humanity perpetrated by the Russian military quickly solidified Western public opinion in favor of sanctions against Russia and economic and military support for Ukraine. The Russia-Ukraine war of attrition that Putin thought he could easily win now appears—with continuing supplies of advanced Western arms to Ukraine—to be in jeopardy.

There is no simple or clear-cut way to use sanctions to stop the war and prevent its recurrence. Sanctions can make peace more attainable, but they also can prompt more intense fighting if the burden is too great. Imposing too few penalties on Russia would be unacceptable to those who have suffered and sacrificed so much; insisting on harsh reparations, however, could provoke Putin to continue or even escalate the fighting. Such penalties could foster revenge and lead Russia to return sooner or later to the battlefield—much as the heavy hand of retribution by the Allied powers a century ago planted the seeds of an even greater conflict.[8]

Some G7 politicians may consider offering a relaxation of Western sanctions a "carrot" to encourage Russia to engage in peace talks. But Ukraine and many of its supporters will likely demand that Russia be held accountable. Calls for reparations and reprisals against Putin and other Russian leaders will complicate the pursuit of a ceasefire or armistice, much less a formal peace treaty.

In any event, Putin is unlikely to bow to economic coercion; only military defeat or forced removal from power will stop his effort to secure Ukrainian territory. As Peter Harrell (2023), former senior US sanctions policymaker, concisely observes, "Putin views victory in Ukraine as essential to his ambitions, if not his survival."

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Putin's best and perhaps only chance now is for the United States to tire of the fray and reduce its economic and military support for Ukraine. The G7 needs to make sure that does not happen by maintaining large-scale shipments of armaments to Ukraine and ratcheting up the cost of sanctions for the Russian regime. The best option for doing so is to seize the currently frozen CBR reserves that are held in the West and use them both to cover judgments against the Russian state and to support Ukraine's reconstruction. As Lawrence Summers, Philip Zelikow, and Robert Zoellick point out, the $300 billion seizure is a heavy fine against Russia but not so large as to condemn it to debtor's prison for the next generation, nor should it compel Putin to battle to the last kopeck before negotiating a peace settlement. Moreover, taking the money now would demonstrate to US and European citizens that their continuing support for Ukraine is being covered at least partially by Russian funds.

An international working group on Russian sanctions organized by Stanford University argues that G7 nations should follow the precedent of Canada and adopt new laws to allow the seizure of CBR assets for violations of international

8 John Maynard Keynes' 1920 book, *The Economic Consequences of the Peace*, which was sadly prescient in warning about the danger of harsh reparations against Germany after World War I, should be required reading for current officials.

peace and security as well as gross abuses of human rights. The moral imperative to do so is clear, the economics of the confiscation are sound, and there is a strong case that the international legal authority exists to take such action.[9]

In any event, Russia should have to answer for the war crimes and atrocities committed in Ukraine, the kidnapping of children, and other offenses. European countries are likely to insist on it and on the continuation of some sanctions against Russia whether there is a peace agreement, armistice, or neither war nor peace.

THE GEOECONOMIC CONSEQUENCES OF THE WAR

It is too soon to tally the costs of war in Ukraine for Russia, Ukraine, Europe, and the rest of the world. The damage is still mounting, and hard data are intentionally hidden amid the fog of war. The resumption of war in Europe, coupled with the prospect of long-running sanctions obstructing global trade and finance, marks a veritable *Zeitenwende* not just for Europe but for broader East-West relations as well.

The war in Ukraine has reopened wounds not fully healed from the Second World War. Eastern Europe again feels vulnerable to Russian attack. Rather than kowtowing to Putin's demands, however, most governments in the region (with Belarus as the main outlier) have committed to working with the United States and the G7 allies to support Ukraine via economic and military aid and coordinated sanctions against Russia.[10] For those countries, the invasion is more than a simple territorial dispute; it is existential and echoes the Cold War era when Europe relied on US support to contain the Soviet Union.

Ironically, Putin has strengthened the Western alliance in ways that the Western countries were unable to do by themselves. Russian aggression has accelerated Ukraine's prospective membership in the European Union, reenergized NATO after years of internal bickering, and solidified support for NATO expansion.[11]

War and Western sanctions are making the Russian economy more autarkic and less productive. The combination of war costs and casualties, large-scale out-migration of skilled workers, reduced access to Western goods and technologies, and a reduction in foreign direct investment in Russia will continue to take a big toll on the country's ability to develop its resources and compete on world markets.

Weaponizing energy will have permanent, negative consequences for the Russian economy as well. Europe has accelerated its shift to renewable resources; China and India have learned from the European experience and will constrain the growth of energy imports from Russia so as not to become too dependent on Russian supplies like the Germans did. The reputation of unreliable supplier

9 Martin Sandbu of the *Financial Times* offers a detailed assessment of the interplay of economic and legal considerations for confiscating CBR assets in a series of noteworthy analyses in his column "Free Lunch" in March 2023.

10 In addition to economic sanctions, the G7 have deployed political and other sanctions, excluding Russia from international scientific, cultural, and sporting events.

11 Although Turkey is blocking Sweden's membership as it balances its interests with Russia and its NATO allies, Sweden seems destined, since Finland's recent accession, to join the alliance in the near future.

will impede the restoration of trade flows and investment in the development of Russian resources and not just in oil and gas. Russia's military aggression also has incentivized the restructuring of supply chains to reduce reliance on Russian supplies of farm goods, fertilizers, and raw materials.

The war is driving Russia and Iran closer together, both as economic partners and as the Russian war effort increasingly needs Iran and others to help replenish its armaments. After years of empty promises, Russia seems to be investing in Iranian industry and increasing two-way trade (from a very low base) to deepen political ties between the two autocratic governments. Given those shared interests, Russia is unlikely to press Iran to make new concessions in the 6-party talks, tanking already dim prospects for reviving or updating the Iran nuclear deal of 2015.

The war is driving Russia and Iran closer together, and Russia is becoming more dependent on China....

Finally, and very troubling, as the war weakens its economy and conventional military power, Russia is becoming more dependent on China, which is providing an economic lifeline for Russia via its energy purchases and reportedly considering whether to provide war materiel, further exacerbating US-China tensions. Doing so would provoke a new wave of US sanctions against Chinese individuals and entities involved in the transactions; if key suppliers to the Chinese military were implicated, the sanctions web might also encompass major Chinese financial institutions, with the potential to cause significant disruptions to world financial markets. Interestingly, Xi avoided promising military aid during his March 2023 visit to Moscow, perhaps signaling that there are implicit "limits" to the Sino-Russian alliance.

DERIVING LESSONS ON THE FUTURE USE OF SANCTIONS

As the history of sanctions against Russia is still being written, lessons derived from the experience need to be assessed and absorbed by Western policymakers. Recognizing that economic sanctions operate in conjunction with political, military, cyber, and covert measures, what can we learn about the utility of sanctions in conflicts between major powers?

Big powers like Russia or China are extensively integrated in world markets for commodities (e.g., Russian oil, gas, fertilizers, food), goods and critical materials (e.g., China for rare earths), and finance (e.g., Chinese megabanks). Economic size and political/military power make them less vulnerable to economic coercion. They command greater resources to deflect the economic impact of sanctions, impose countermeasures against countries imposing the sanctions, and use political leverage to attract support among international allies.

From these observations and analysis of recent developments, the following lessons emerge:

Lesson 1: In big power conflicts, sanctions initially will have only an incremental impact on the target's access to goods and capital; their corrosive impact increases over time. Deploying sanctions thus requires a long-term commitment to their use and enforcement.

Lesson 2: The costs of countermeasures imposed by a targeted big power in retaliation for the initial sanctions against it can be substantial, as Russia demonstrated in blocking European access to its oil and gas exports. Such retaliatory measures targeting G7 consumers and industries are designed to undercut domestic political support for maintaining sanctions. Western policymakers need to offset those costs via domestic support or tax relief to sustain political support over time for sanctions in big power conflicts.

Lesson 3: Maintaining coherent and coordinated sanctions against the target country (i) is critical for the effectiveness and durability of the policy and (ii) requires continuing collaboration to align the strategic interests and priorities of the G7 countries as well as contingency planning for future sanctions scenarios.

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